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Daily Report

China

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Daily Report

China

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CONTENTS

30 November 1989

NOTICE TO READERS: An * indicates material not previously disseminated in electronic form.

INTERNATIONAL AFFAIRS

General

Foreign Ministry Holds Weekly News Briefing	1
Cambodia Issue [XINHUA]	1
East Europe [XINHUA]	1
Sino-South Korean Relations [ZHONGGUO WINWEN SHE]	1
XINHUA Roundup Views Interference 'Plot' at UN	1
UN Envoy Li Urges Israel To Recognize Palestine [XINHUA]	2
UN Envoy Li To Meet Salvadoran, Nicaraguan Envoys [XINHUA]	3
CITIC Obtains Loan for Launching Asia Satellite [XINHUA]	3

United States & Canada

Embassy Spokesman Criticizes L.A. WEEKLY [XINHUA]	4
---	---

Soviet Union

Cooperative Agreement Signed With Chita Oblast [Hohhot Radio]	4
---	---

Northeast Asia

Further on Japanese Trade Delegation	4
Meets Li Peng [XINHUA]	4
KYODO Report	5

Southeast Asia & Pacific

Yunnan Governor Begins Southeast Asian Tour	5
Leaves for Burma [XINHUA]	5
Greeted at Rangoon Airport [XINHUA]	5
Supreme Court Head Meets Philippine Secretary [XINHUA]	6

Near East & South Asia

CPPCC Delegation Holds Talks in Yemen [XINHUA]	6
Amity Group's Han Reaffirms Support for Palestine [XINHUA]	6

West Europe

Chen Xitong Meets Paris Vice Mayor [BEIJING RIBAO 11 Nov]	7
Article Compares East, West Germanies [GUANGMING RIBAO 6 Nov]	7

NATIONAL AFFAIRS

Political & Social

Jiang Writes to Shanghai Commodity Administration [JIEFANG RIBAO 25 Nov]	11
Further on Li Peng's Xinjiang Meetings, Remarks [Beijing TV]	11

Article Cites Efforts To Reassure Intellectuals [Hong Kong SOUTH CHINA MORNING POST 21 Nov]	12
Commentary Views Illegal 'Treasures' Inquest [RENMIN RIBAO 16 Nov]	13
University President Discusses Marxism-Leninism [BEIJING REVIEW No 48]	13
Procuratorial Organs Study Marxism-Leninism [XINHUA]	16
CYL Leader Song Defu Addresses Conference [XINHUA]	16
Article Lists Features of Socialist Democracy [LIAOWANG No 45]	16
Article Views Legal Cooperatives [Hong Kong SOUTH CHINA MORNING POST 23 Nov]	19
Yang Shangkun Plays Golf in Beijing [Tokyo TOKYO SHIMBUN 28 Nov]	20
Commentator's Article Condemns 'Six Vices' [RENMIN RIBAO 15 Nov]	20

Military

Encyclopedia Lists Lin Biao Among Strategists [XINHUA]	21
Article Views Features of Military Laws [JIEFANGJUN BAO 9 Nov]	22
Article Praises Guangzhou Naval College Training [JIEFANGJUN BAO 7 Nov]	23

Economic & Agricultural

Foreign Exchange Certificate Use To Continue [XINHUA]	24
Rules Set for Foreign Debt Registration [RENMIN RIBAO 13 Nov]	24
Central Bank Offers Loans to Joint Ventures [CHINA DAILY 21 Nov]	27
Banks Report Increased Savings Deposits	27
Central Bank [CHINA DAILY 24 Nov]	27
Industrial and Commercial Bank [CHINA DAILY 18 Nov]	28
Total Deposits [CHINA DAILY 25 Nov]	28
Statistics Bureau Quantifies Austerity [XINHUA]	29
Article Discusses Retrenchment Aims, Measures [GUANGMING RIBAO 11 Nov]	30
Article Views Contracts, Enterprise Management [QIUSHI No 21]	33
Commentary Views 'Vassal Economy' in Localities [JINGJI RIBAO 11 Nov]	36
Economists at Symposium Urge Price Reform [HONGKONG STANDARD 18 Nov]	38
Statistics Bureau Reports Declining Inflation [XINHUA]	39
State Forms 12-Year Plan for Natural Resources [CHINA DAILY 18 Nov]	39
Nonferrous Metal Production Increases [XINHUA]	40
Nonferrous Metals Shortage Expected in 1990 [CEI Database]	40
Vanadium Output Ranks Third Worldwide [XINHUA]	40
More Small Hydroelectric Power Plants Built [XINHUA]	40
State Establishes Construction Labor Bases [XINHUA]	40

REGIONAL AFFAIRS

East Region

Anhui Party Committee Holds Meeting 13-14 Nov [Hefei Radio]	42
Jiangxi County Cracks Down on 'Six Vices' [Nanchang Radio]	43
Jiangsu To Launch Birth Control Film Campaign [Nanjing Radio]	43
Shandong Advisory Commission Meets 15-17 Nov [Jinan Radio]	43
Shandong Develops Policy on Foreign Enterprises [ZHONGGUO XINWEN SHE]	44
Shandong Procuratorate Discusses Graft, Bribery [Jinan Radio]	45
Shanghai Municipal Party Plenum Ends [Shanghai Radio]	45

Central-South Region

Guangdong Governor Pronounces Judgment on Graft [Guangzhou Radio]	46
Guangdong Military Official Condemns Prostitution [Guangzhou Radio]	46
Guangdong Economic Development Forum Opens [Guangzhou Radio]	46
Guangdong SEZ Surpasses Revenue Quotas [Guangzhou Radio]	47
Guangdong Reports Industrial Output Statistics [XINHUA]	47
Guangdong Ventures Contend With Retrenchment [ZHONGGUO TONGXUN SHE]	47
Guangdong Reports Increased Foreign Investment [Hong Kong SOUTH CHINA MORNING POST 20 Nov]	48

Guangdong Foreign-Funded Enterprises Report Success [XINHUA]	48
Guangdong SEZ Opens Nuclear Monitoring Unit [Hong Kong SOUTH CHINA MORNING POST 22 Nov]	49
Guangdong Discovers Major Bank Scandal [ZHONGGUO XINWEN SHE]	49
Guangdong Rice Growers Complain About Prices [Guangzhou Radio]	50
Guangxi Exports Bounce Back After Decline [XINHUA]	50
Guangxi Holds Meeting on Tax, Price Inspection [Nanning Radio]	50
Xu Shijie Addresses Hainan Work Meeting [Haikou Radio]	51
Hainan Party Meeting Discusses Plenum Spirit [Haikou Radio]	51
Foreign Exchange Trade Brisk in Hainan [XINHUA]	52
Wuhan Radio Comments on 'Six Vices'	52
Hubei Cracks Down on Prostitution, Other 'Vices' [Wuhan Radio]	52
Commentator Says Hubei Rural Policies Unchanged [HUBEI RIBAO 6 Nov]	53
Hubei Confronts Imbalanced Budget [Wuhan Radio]	53
Hubei Collects Delinquent Tax Revenues [Wuhan Radio]	53
Hunan Advances Against 'Six Vices' [Changsha Radio]	54
Science, Technology Boost Hunan Grain Output [XINHUA]	54
Hunan Leaders Condemn 'Six Vices' [Changsha Radio]	54

Southwest Region

Guizhou Leaders View Water Conservation Project [Guiyang Radio]	55
Guizhou Leaders Attend Trade Union Celebration [Guiyang Radio]	55
Tibet Official on Screening, Rectifying Companies [Lhasa Radio]	56
Reportage on Yunnan Party Plenary Session	56
Plenum Ends 20 Nov [Kunming Radio]	56
Resolution Adopted [Kunming Radio]	58
Yunnan Cracks Down on Prostitution, Pornography [Kunming Radio]	59

North Region

Beijing Economic Criminals Surrender by Deadline [BEIJING RIBAO 3 Nov]	59
Student Clubs Increase on Beijing Campuses [XINHUA]	59
Inner Mongolia Leaders Attend Commodity Exhibit [NEIMENGGU RIBAO 30 Oct]	60
Tianjin Conference Views Higher Education [TIANJIN RIBAO 29 Oct]	60
Further on Conference [TIANJIN RIBAO 30 Oct]	61
Tianjin Residents Enjoy Better Housing [XINHUA]	62

Northeast Region

Heilongjiang Clamps Down on 'Six Vices' [Harbin Radio]	62
Heilongjiang Officials Consider Oilfield Crimes [Harbin Radio]	63
Heilongjiang Harvests 1 Million Mu of Rice Fields [XINHUA]	63
Heilongjiang To Implement Agricultural Plan [XINHUA]	63
Officials Write Inscriptions for Heilongjiang Paper [Harbin Radio]	64
Jilin Conference Considers 'Small Treasures' [Changchun Radio]	64
Quan Shuren Attends Liaoning Plant Opening [Shenyang Radio]	64
Jilin Commander Discusses Militia, Reserves [JILIN RIBAO 10 Nov]	65
Liaoning City Designated as High-Tech Center [Shenyang Radio]	66
Liaoning Registers Land Used by Foreign Investors [ZHONGGUO XINWEN SHE]	67

Northwest Region

Gansu Meeting Hears Governor's Economic Report [Lanzhou Radio]	67
XINHUA Reporter Describes Gansu Departmentalism [XINHUA]	68
Qinghai To Implement Discipline Guidelines [Xining Radio]	69
Shaanxi Meetings Consider Plenum Spirit [Xian Radio]	69
Shaanxi Mobilizes Against 'Six Vices' [Xian Radio]	69
Shaanxi Adopts Decisions on Multiparty Cooperation [SHAANXI RIBAO 3 Nov]	70
Shaanxi Restores Physical Labor for Cadres [Xian Radio]	70

General

Foreign Ministry Holds Weekly News Briefing

Cambodia Issue

OW3011105589 Beijing XINHUA in English
1044 GMT 30 Nov 89

[Text] Beijing, November 30 (XINHUA)—A Chinese Foreign Ministry spokesman reiterated China's position on the Kampuchean question at the weekly news briefing here today.

Some correspondents asked: "Australia has proposed that a UN interim administration be established in Kampuchea and Prince Sihanouk has accepted the proposal. What is China's attitude towards this?"

The spokesman said: "We have taken note of the aboved-mentioned proposal of Australia".

He said that the consistent position of the Chinese Government on the Kampuchean question is that Vietnam should genuinely withdraw all its armed forces from Kampuchea under strict and effective international supervision and a provisional coalition government headed by Prince Sihanouk with the participation of the four parties of Kampuchea should be established in the transitional period after the Vietnamese troop withdrawal and before the general election in Kampuchea.

East Europe

OW3011094989 Beijing XINHUA in English
0929 GMT 30 Nov 89

[Text] Beijing, November 31 [date as received] (XINHUA)—China pays close attention to the development of the situation in East European countries including Czechoslovakia, Chinese Foreign Ministry spokesman Jin Guihua said at the weekly news briefing here this afternoon.

In response to a reporter, the spokesman said that what is happening in some East European countries, including Czechoslovakia, is their internal affairs.

"China will not interfere in the internal affairs of other countries. We believe the people of these East European countries will be able to eventually find a way to build socialism in accordance with the actual conditions of their respective countries," the spokesman said.

"We sincerely hope that these countries enjoy social stability and economic development, he said.

Sino-South Korean Relations

HK3011144089 Beijing ZHONGGUO XINWEN SHE
in Chinese 1215 GMT 30 Nov 89

[Report: "Jin Quihua on Relations Between China and South Korea"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 30 Nov (ZHONGGUO XINWEN SHE)—PRC Foreign Ministry spokesman Jin Quihua stated that there are no official relations between China and South Korea, and that the DPRK is China's intimate, friendly neighbor. China shares weal and woe with it, and the two depend on each other as do teeth and lips.

This statement was made at the news conference this afternoon in answering a reporter's question.

Jin Quihua said: China and the DPRK have always supported, assisted, and understood each other. He admitted that there are nongovernmental economic and trade relations between China and South Korea.

The spokesman said China's handling of relations with South Korea is based on the position of helping to ease the situation on the Korean peninsula and of contributing to the peaceful reunification of Korea.

XINHUA Roundup Views Interference 'Plot' at UN

OW3011090189 Beijing XINHUA in English
0757 GMT 30 Nov 89

["Roundup: A Plot Ends in Failure (by Qian Wenrong)"]—XINHUA headline]

[Text] United Nations, November 29 (XINHUA)—Some Western nations' fresh attempt to interfere in the internal affairs of Third World countries by taking advantage of the human rights issue has ended in failure.

A draft resolution on human rights proposed to the United Nations by a number of Western countries met head-on with opposition from a great number of Third World countries at the U.N. Third Committee.

Entitled "Freedom of Expression and Peaceful Assembly," the draft resolution was meticulously cooked up by the Netherlands and jointly sponsored by some other Western nations including a superpower.

It was submitted to the Social, Humanitarian and Cultural Committee of the on-session [as received] U.N. General Assembly and was compelled to be withdrawn by its designers in the end.

This episode followed an escalation of attacks upon China and other Third World countries for what has happened in these countries, as always done by Western nations at previous U.N. Assembly sessions under the pretext of "upholding" the principle of human rights.

As recognized by U.N. documents, the freedom of expression and peaceful assembly in a country should be formulated and guaranteed by legislations in a specific nation, and it is all of a sovereign state's internal affairs. According to the International Covenant on Civil and Political Rights adopted by the General Assembly in 1966, the exercise of such freedom must conform to the laws and regulations concerning national security, people's safety and public order.

Regardless to those and ignoring the basic principles of sovereignty, equality, political independence, territorial integrity, non-interference and other norms governing international relations, the proposed resolution expressed "grave concern" over the "depression" of assemblies and demonstrations in various parts of the world, and appealed for immediate release of "any persons who have been detained for exercising the right to freedom of opinion and expression." This document, if adopted by the U.N., could make way for intervention in internal affairs of other nations, which violates the spirit cherished by the U.N. charter.

In response to the Western nations' motion, China, together with other Third World countries, proposed an amendment to the draft resolution. It reiterated the purposes and basic principles of the U.N. charter, the relevant articles in the International Covenant on Civil and Political Rights, and a provision in the declaration on the inadmissibility of intervention in the domestic affairs of states and the protection of their independence and sovereignty, that declares "no state shall organize, assist, foment, finance, incite or tolerate subversive, terrorist or armed activities directed towards the violent overthrow of the regime of another state, or interfere in civil strife in another state."

The amendment also called upon all nations to respect the freedom of expression and peaceful assembly, as stipulated in the international bill of human rights, and stressed the "priority to the search for solutions to the mass and flagrant violations of human rights." Specifically, it condemned the Israeli authorities' "use of force against Palestinian civilians, under Israeli occupation, who carried on non-violent and peaceful demonstrations." And South Africa's "policy of apartheid that deprives the majority of the African population of the dignity, fundamental freedoms and human rights, including the right of freedom of expression and the right of peaceful assembly."

This amendment underlined the freedom of expression and right of peaceful assembly while avoiding making it a possible excuse for the intervention in a country's internal affairs. Meanwhile, it attributed the mass and flagrant violations of human rights to racial apartheid, foreign occupation and aggression, thus reflecting the just stand of the majority of countries in the world that call for urgent solutions to these issues.

Intolerant of the document, those who claimed to be "human rights guardians" of the West described it as a new motion rather than an amendment, and demanded vote on its nature in order to brush it aside to make way for the passage of their own draft resolution. However, the vote thereafter recognized the tenability of the amendment by 85 votes for, 30 against and 9 abstentions. In face of isolation, the Dutch representative announced the withdrawal of their motion on behalf of the co-sponsor nations of the draft resolution. The Third World representatives at the U.N. noted that it was not unusual for the Western "human rights guardians" to

experience failure. As they pour indiscreet criticisms of other nations' political systems and ideologies, try to impose their own concept of human rights on others, openly support anti-government forces and wanted criminals in other nations, and directly carry out or meddle in defamatory and subversive activities against other governments, they are bound to meet with firm opposition from the majority of the Third World countries.

The latest event at the U.N. made it clear that it is always unpopular and unsuccessful for anyone who deliberately disconnects the exercise of human rights with a state's sovereignty and plays power politics to meddle in the internal affairs of other nations under the pretext of human rights.

The Western nations this time also reveal their hypocrisy on the human rights issue. While preaching that the protection of human rights is the universal principle of mankind, they rejected the articles in the amendment condemning the human rights violations by South Africa and Israel. More obvious is that some of them routinely voted against or vetoed U.N. draft resolutions on such violations.

It proves the existence of double standards towards the human rights issue on the part of the Western nations, and that by making the protection of human rights a pretext, they intend to vilify and oppose the countries and systems they do not favor, so as to pursue their own political goals. As such things continue to happen, the international community should sharpen vigilance over these countries' attempt to take advantage of human rights issues to poison the atmosphere of international relations.

UN Envoy Li Urges Israel To Recognize Palestine

*OW3011025089 Beijing XINHUA in English
0210 GMT 30 Nov 89*

[Text] United Nations, November 29 (XINHUA)—China today urged Israel to recognize the state of Palestine and enter into direct talks with the Palestine Liberation Organization (PLO) to seek peaceful co-existence in the region.

"We hope that the state of Palestine and the state of Israel will recognize each other, and the Arab and the Jewish nations could coexist in peace," Chinese Ambassador Li Luye said at the U.N. General Assembly which opened a three-day debate on the question of Palestine this afternoon.

The ambassador, joining a number of U.N. member states to address the issue, made the appeal against the backdrop that Israel continues to reject PLO as the legitimate representative of the Palestinian people even after PLO's declaration last November of the establishment of the state of Palestine and recognition of Israel.

He said that the establishment of the state of Palestine, in particular, the PLO's adoption of "a series of flexible

and realistic policies", have instilled "a new vitality into the Middle East peace process" and won "extensive commendation and support in the international community."

According to the permanent observer mission of Palestine to the United Nations, so far 104 countries in the world have recognized the state of Palestine and the PLO has maintained offices at the ambassadorial level in 85 capitals.

The Chinese ambassador told the General Assembly that almost three years of the Palestinian struggles against Israeli occupation have given the international community "a stronger feeling about the urgent need for a Middle East settlement."

The struggles "have also brought the people to an even clearer recognition that without restoring the legitimate national rights of the Palestinian people and without finding a fair settlement of the Palestine question, there can be no Middle East peace and tranquility to speak of."

He demanded that Israel stop its suppression against the Palestinian people in the occupied West Bank and Gaza Strip, withdraw from all Arab lands it has occupied since 1976 and recognize the national rights of the Palestinian people.

"Only in this circumstance can there be corresponding guarantee for the security of Israel," he said.

UN Envoy Li To Meet Salvadoran, Nicaraguan Envoys
OW3011041389 Beijing XINHUA in English
0216 GMT 30 Nov 89

[By Lei Lili]

[Text] United Nations, November 29 (XINHUA)—The U.N. Security Council will hold a meeting tomorrow to hear a debate on the alleged Nicaraguan aggression against El Salvador, it was announced here today.

The announcement came shortly after 15 members of the Security Council held one-hour consultations here this afternoon to consider the request by the government of El Salvador for the council's meeting to discuss what it called Nicaragua's intervention in and aggression against it.

However, the Security Council's monthly rotating president, Chinese Ambassador Li Luye, told reporters after the consultations that he is going to meet both ambassadors of El Salvador and Nicaragua to seek an agreement of the two sides on a limited debate tomorrow.

According to sources close to the council, Salvadoran Ambassador Roberto Meza has agreed to confine the debate to the five Central American countries, namely Costa Rica, Guatemala, Honduras, Nicaragua and El Salvador, as most of the council members hope.

But, Nicaragua, backed by Cuba, which seats in the council as a non-permanent member with a two-year

term beginning this year, has insisted on expanding the debate to a larger group of countries.

The sources said that most of the council members, especially those from Latin America, agreed to have the limited debate because they feared a bitter public debate involving too many countries would further damage the Central American peace process.

U.S. Ambassador Thomas Pickering, also talking to reporters after the consultations, confirmed that the council is to have the debate confined only to the five Central American countries.

However, he said "The form of the debate and whether it will be small or open to everybody depends on the consultations" tomorrow morning between the council's president and the two ambassadors.

Previously, it was said that the United States, which strongly backs the Salvadoran Government, was pushing for an open debate to challenge Nicaragua.

But, since the debate might be confined to the five Central American countries, diplomats here said that the United States has not asked for a larger debate because it believes at least another two of the five Central American countries, Honduras and Costa Rica, will speak in favor of El Salvador.

The Salvadoran request was made on Monday following the government announced suspension of diplomatic and commercial ties with Nicaragua after the discovery of sophisticated anti-aircraft missiles aboard a Soviet-made plane that crashed over Salvadoran territory last Saturday.

The Salvadoran Government has said that the plane had come from Nicaragua to help the country's anti-government guerrillas, known as Farabundo Marti National Liberation Front (FMLN), who launched a full-scale attack against the government about two weeks ago.

CITIC Obtains Loan for Launching Asia Satellite
OW3011021389 Beijing XINHUA in English
1620 GMT 29 Nov 89

[Text] Hong Kong, November 29 (XINHUA)—The China International Trust and Investment Corporation (Holdings) (CITIC) has completed a 50 million U.S. dollar capital financing for its share in Hong Kong's first satellite project—Asiasat 1.

Asiasat 1 will be the first western communications satellite to be launched on a Chinese rocket. It is expected to be launched from Xichang in China's Sichuan Province and sent to geostationary orbit 35,780 kilometers above the equator in April 1990.

It will be maintained in its position by the satellite control center in Hong Kong.

A loan signing ceremony was held here this afternoon between the Shortridge Limited, a wholly owned Hong Kong subsidiary of CITIC, and the Bankers Trust Asia Limited of the United States, which arranged the loan, and representatives from nine local and foreign banks involved.

The other two partners in Asiasat 1 project, which will cost a total of 120 million U.S. dollars, are the Cable and Wireless from Britain and the Hutchison Satellite Systems Ltd., a subsidiary of Hutchison Whampoa of Hong Kong.

The consortium plans to use a second-hand Hughes HS-376 satellite from the U.S. and launch it on a Chinese Long March 3 rocket. It is said that so far each of the 27 HS-376 satellites, that have been put into service, has operated successfully and none has failed to meet its design life.

According to Peter Kwok, managing director of Bankers Trust, this syndication has been highly successful with 60 percent oversubscription. He said this reflected the market appetite for a good quality business in China.

United States & Canada

Embassy Spokesman Criticizes L.A. WEEKLY

OW3011012689 Beijing XINHUA in English
0038 GMT 30 Nov 89

[Text] Washington, November 29 (XINHUA)—The spokesman of the Chinese Embassy here expressed "deep regret and strong resentment" today over the distribution by the Los Angeles weekly of a counterfeit Overseas Edition of the PEOPLE'S DAILY.

According to THE LOS ANGELES TIMES, the L.A. WEEKLY distributed along with its November 10-16 issue the falsified edition of the PEOPLE'S DAILY, the official publication of the Chinese Communist Party. The bogus paper carried anti-Chinese Government articles.

The L.A. WEEKLY's distribution of the bogus paper is "incompatible with internationally-established professional press ethics. Such flagrant behavior of the L.A. WEEKLY in disregard of laws and ethics cannot but reveal its ulterior political motives," said the spokesman.

"Apart from usurping the name, headings and headlines of the PEOPLE'S DAILY, the bogus 'Overseas Edition' is full of fabrication, rumors and vicious slanders against the legal Chinese Government," he said.

Although the L.A. WEEKLY claimed that the falsified paper was produced by a group of Chinese-American journalists living in the United States at the request of the "China Advisory Company" in Boston, it was in fact concocted by the "Federation for Democracy in China", a group formed by criminal suspects wanted in China, whose aim is to overthrow the legal Chinese Government, according to the spokesman.

"I believe the American readers will see through the evil intentions of the L.A. WEEKLY and the American press will, in the interest of ensuring the objectivity and authenticity of press report, reject such conduct that violates press ethics," he said.

Soviet Union

Cooperative Agreement Signed With Chita Oblast

SK3011034789 Hohhot Inner Mongolia Regional
Service in Mandarin 1130 GMT 28 Nov 89

[Text] Recently, Hulun Buir League reached an agreement of intent on opening air traffic and direct telephone and telecommunications services with Chita Oblast, Soviet Union, thus developing a step further in Chinese-Soviet economic and technological cooperation. This agreement was reached when the Soviet Chita Oblast Government delegation was invited to visit Hulun Buir League in mid-November this year. In the agreement, both sides agreed to open an air route between Hailar and Chita Oblast in the Soviet Union, develop international telephone and telecommunications services between Hailar and Chita Oblast of the Soviet Union and between Manzhouli and (Zabaykalsk). Both sides also decided that delegations of experts will be mutually sent in the 1st quarter of next year to further discuss issues of common interest. In addition, both sides will also discuss a memorandum of intent. The Soviet side will provide technology and equipment for developing bilateral telecommunications business and for carrying out containerized postal business between Manzhouli and Chita Oblast.

Northeast Asia

Further on Japanese Trade Delegation

Meets Li Peng

OW2911145089 Beijing XINHUA in English
1431 GMT 29 Nov 89

["Li Peng Hopes for 'Courageous Step' From Japanese Side in Restoring Sino-Japanese Friendship"—XINHUA headline]

[Text] Beijing, November 29 (XINHUA)—Chinese Premier Li Peng said here today that he hopes people from various walks of life in Japan will take a "courageous step" in restoring and expanding Sino-Japanese friendship and cooperation.

He said that "I hope the Japanese people of various circles who have for a long time dedicated themselves to Sino-Japanese friendship will judge from the long-term point of view, take an active attitude, and make a courageous step in overcoming the current obstructions to Sino-Japanese relations, and in restoring and expanding the friendship and cooperation between the two countries."

Li said this while meeting a delegation from the Japanese Association for the Promotion of International Trade led by its president, Yoshio Sakurauchi.

The delegation is here on a week-long visit at the invitation of the China Council for the Promotion of International Trade. This is the Japanese association's 18th delegation to visit China.

In 1984 Li Peng visited Japan as guest of the association and attended the celebrations to mark the 30th anniversary of its founding.

During their conversation today, Li reviewed his previous meetings with Sakurauchi and other Japanese friends.

Li also spoke highly of the work done by the Japanese association in the past 35 years to promote Sino-Japanese friendship, and economic and trade relations.

Li briefed the visitors on China's political and economic situation, focusing on its policies for improving the economic environment, straightening out the economic order and deepening the reforms.

China's policy for carrying out reforms and opening to the outside world, under the prerequisite of sticking to the socialist system, has proven to be correct, Li said.

"We will maintain the continuity and stability of these policies, and constantly deepen and perfect them in the process of the economic readjustment," he added.

China welcomes foreign businessmen to cooperate with it in various forms, and this policy remains unchanged, the Chinese premier reiterated.

Sakurauchi, along with the other delegation members, said that the Japanese association will continue to work for the furthering of friendly cooperation between Japan and China.

KYODO Report

*OW3011013989 Tokyo KYODO in English
0039 GMT 30 Nov 89*

[Text] Beijing, Nov. 30 KYODO—Chinese Premier Li Peng has expressed concern that ongoing radical reforms in Eastern Europe might go against peace and stability in Europe by destroying the balance of power there.

Li added, however, that developments in Eastern Europe have become serious even disregarding ideological considerations.

He made the comments in a meeting Wednesday with a delegation of the Japan Association for the Promotion of International Trade, led by a former secretary general of Japan's ruling Liberal Democratic Party, Yoshio Sakurauchi, delegation officials said.

Li also said China's situation would have turned out much worse than Eastern Europe at present if the Chinese authorities had not taken "resolute measures" by militarily cracking down on pro-democracy demonstrators at Beijing's Tiananmen Square in early June.

Only the Communist Party was capable of unifying China, he said.

Li was quoted by the officials as saying, "If the party had been divided (on the Tiananmen incident), a civil war would have occurred." What the party had done had guaranteed the stability of China, they quoted him as saying.

Meanwhile, Li asked the Japanese to help improve China-Japan governmental relations, which have been restrained since the Tiananmen Square incident, the officials said.

Li said Japan should reconsider whether it should continue economic sanctions against China in concert with the West European nations partly because, he said, those nations intend to put Japan at a disadvantage by integrating the internal market of the European Community (EC) in 1992.

But Li added he could understand Japan's difficulties in lifting the sanctions in connection with Japan-U.S. relations, the officials said.

Southeast Asia & Pacific

Yunnan Governor Begins Southeast Asian Tour

Leaves for Burma

*OW2911103489 Beijing XINHUA in English
0852 GMT 29 Nov 89*

[Text] Kunming, November 29 (XINHUA)—He Zhiqiang, governor of China's Yunnan Province, left here today by air for Rangoon, capital of the Union of Myanmar, starting his goodwill visit to Myanmar, Thailand and the Laos.

The visit of He Zhiqiang was invited by the governments of the three above mentioned countries.

Greeted at Rangoon Airport

*OW2911111589 Beijing XINHUA in English
1053 GMT 29 Nov 89*

[Text] Yangon (Rangoon), November 29 (XINHUA)—China's Yunnan provincial government delegation led by Governor He Zhiqiang flew in here this afternoon for a nine-day visit to Myanmar (Burma).

The delegation is expected to discuss with Myanmar Government officials matters concerning exchanges in the fields of economy, technology, trade and culture between Myanmar and Yunnan Province.

The Chinese guests were greeted at Yangon Airport by Myanmar Minister for Planning, Finance and Trade Colonel David Abel and Chinese Ambassador to Myanmar Cheng Ruisheng.

Later, the Myanmar minister met the Chinese delegation again and had a friendly conversation with members of the delegation.

A dinner will be hosted this evening in honor of the Chinese visitors.

Supreme Court Head Meets Philippine Secretary

*OW2911142989 Beijing XINHUA in English
1330 GMT 29 Nov 89*

[Text] Manila, November 29 (XINHUA)—Philippine Secretary of Justice Sedfrey Ordenez said here today that Filipino judicial workers are eager to make exchanges with their Chinese colleagues.

In a friendly and cordial meeting with Ren Jianxin, president of the Supreme People's Court of China, Secretary Ordenez announced that he will visit Beijing in April next year to establish direct contacts with Chinese judicial workers and attend the 14th conference on the law of the world to be sponsored by the world peace through law center.

Ordenez, who is also a poet, said that he would like to compose new poems during his visit to China to praise the kinsman-like friendship between the Filipino and Chinese people.

"Whenever we talk about China, we regard it as our relatives," the justice secretary said.

Ren Jianxin, who is here attending the Third Conference of Chief Justices of Asia and the Western Pacific, extended warm welcome to Ordenez to visit China and said that he would like to hold direct talks on bilateral exchanges with the justice secretary during his China visit.

He hoped that judicial workers from both countries will further strengthen mutual exchanges and help develop the friendly relations between the two countries.

At the end of the meeting, Ordenez presented a collection of his poems entitled "in search of peace" to Ren Jianxin.

Near East & South Asia

CPPCC Delegation Holds Talks in Yemen

*OW3011023989 Beijing XINHUA in English
1836 GMT 29 Nov 89*

[Text] Sanaa, November 29 (XINHUA)—Speaker of the Arab Yemeni Consultative Council 'Abd al-Karim al-'Arashi conferred here today with a delegation of the Chinese People's Political Consultative Conference (CPPCC).

The Chinese delegation is headed by Han Kehua, member of the Standing Committee of the National Committee of the CPPCC and deputy chairman of its foreign affairs committee.

The meeting dealt with cooperation between the highest consultative bodies of the two countries.

The Chinese delegation arrived here this morning on a friendly visit to the Arab Yemen.

Upon his arrival, Han said he will discuss ways of promoting bilateral relations.

Amity Group's Han Reaffirms Support for Palestine

*OW3011024289 Beijing XINHUA in English
1502 GMT 29 Nov 89*

[Text] Beijing, November 29 (XINHUA)—The Chinese People's Association for Friendship with Foreign Countries gave a reception here tonight to mark the "International Day of Solidarity With the Palestinian People."

On December 2, 1977, the United Nations named November 29 the "International Day of Solidarity With the Palestinian People". Similar decisions were also made at the 15th assembly of the heads of state and government of the Organization of African Unity and the Belgrade foreign ministers conference of nonaligned countries in July 1978.

Speaking at the reception, President of the Chinese Association Han Xu said that the Chinese people are very concerned about developments in the Middle East, and have always unswervingly stood on the side of the Palestinian people and firmly supported their just struggle and all their efforts for solving the Palestinian issue in a just way.

He strongly demanded that the Israeli authorities abandon their obstinate stand, stop suppression of the Palestinian people in the occupied areas, and actively respond to the reasonable suggestions put forward by various relevant parties. This will not only be conducive to the development of the situation in the Middle East, but also accord with the interests of all the Middle East countries and peoples including the Israeli people, as well as being conducive to the peace and stability of the whole world.

Yusuf Rajab Radi, ambassador of the State of Palestine to China, said at the reception that the Palestinian people are resolved to realize a just and lasting peace in the Middle East and are dedicated to the peace process in order to achieve their objective within the framework of the international conference on the Middle East sponsored by the United Nations, and in accordance with the U.N. Charter and U.N. resolutions.

He also condemned the United States for its provision of various forms of support for the Israeli authorities.

Among those present at the reception were Liao Hansheng, vice-chairman of the Standing Committee of the National People's Congress, and Palestinian diplomatic officials, experts and students in Beijing.

West Europe

Chen Xitong Meets Paris Vice Mayor

SK3011010989 Beijing BEIJING RIBAO in Chinese
11 Nov 89 p 4

[Text] Yesterday morning, Mayor Chen Xitong met with Jacques Ferron, chairman of the national independent personages center of France and vice mayor of Paris, and his entourage at the municipal government.

Amid a friendly and sincere atmosphere, Mayor Chen introduced Beijing's situation in quelling the counterrevolutionary rebellion to the guests. Mr Jacques Ferron expressed his understanding to the introduction.

Mr Ferron, who has long been a friend of the Chinese people, and who had once joined a French industrial delegation to China during the 1960s, said: The tremendous changes in Beijing during the past 20 years and more have been amazing and we are very deeply impressed by them. While talking about his impressions of this visit, he said: We noticed that everything is normal. China as well as Beijing are developing and progressing. Mayor Chen said to the guests that in the future, China would do a better job in reform and opening up.

Mr Jacques Ferron and his entourage were invited to China at the invitation of the Chinese People's Association for Friendship with Foreign Countries.

Article Compares East, West Germanies

OW2111154489 Beijing GUANGMING RIBAO
in Chinese 6 Nov 89 p 3

[Article by Wu Xiangdong (0702 0686 2639) and Guo Xingwang (6753 5281 2489): "Can A Comparison of the Two Germanies Show the Failure of Socialism?"]

[Text] The German Democratic Republic [GDR] and the Federal Republic of Germany [FRG] are on the frontline of the contradictions and conflicts between the two systems of socialism and capitalism. With the existence of the two Germanies and the two systems side by side, the question of which of the two systems—socialist system or capitalist system—is good and which bad has become the focal point of struggle between the two as well as the center of world attention. In China, those who persist in supporting bourgeois liberalism have blatantly preached the failure of socialism. For them, one of the best proofs is a comparison of the two Germanies. In their opinion, the two Germanies were at the same starting point in history and, after 40 years of respective construction efforts, the GDR is now at a lower level of economic development than the FRG. This proves that

socialism is inferior to capitalism and that the experiment of socialism has been a failure and become "a relic of the 20th century." This assertion seems very logical, but a careful analysis of it tells us that the assertion does not tally with the facts. The comparison is not very scientific and the conclusion reached is even more absurd.

(I)

After World War II, Germany was divided into the GDR and the FRG. But they were not at the same starting point, in terms of either the natural resources or the legacies inherited by them.

The FRG covers an area of 248,000 square km, which is 2.3 times as large as the GDR. It has a population of 61.64 million and many rivers and lakes. Most of Germany's mineral resources such as coal, iron, oil, natural gas, and potassium salt are found inside the FRG. The GDR covers an area of 108,000 square km. It is mainly an agricultural area with impoverished soil. With a population of 16.7 million, it is lacking manpower resources. Aside from some brown coal and limited deposits of potash and copper, there are nearly no mineral resources inside the country. The amount of coal extracted in the GDR in 1936 [as published] came to only 2.9 percent, the output of pig iron 1.6 percent, and the output of steel 7.7 percent of that registered in prewar Germany. It is obvious that the distribution of mineral resources in the two Germanies is very unbalanced. The FRG is endowed with many more superior natural conditions than the GDR. It should be noted that the amount, quality, composition, and distribution of natural resources have a significant bearing on the speed and scale of economic development as well as its structure.

Before the war, Germany was an economic power in the capitalist world second only to the United States. In 1937, Germany's industrial production accounted for 12.2 percent of the total industrial production of the capitalist world. It left a solid material foundation for the FRG. The FRG is an area where the monopoly capital and industrial production of pre-war Germany was concentrated. This area has 72.6 percent of pre-war Germany's limited-liability companies and 79.8 percent of its share capital, and represents 72.1 percent of its 1936 industrial output value (not including that of the construction and power industries). A breakdown of this by industries shows that the area accounts for 92.8 percent of the output value of ferrous metallurgical industry, 76.2 percent of that of the electric power industry, 74.3 percent of that of the automobile industry, 68.1 percent of that of the machine building industry, and 64.7 percent of that of the chemical industry. The Ruhr Region, which has always been reputed to be the heart of German industry, is also situated in West Germany. During World War II, the United States consciously preserved some of the heavy industries in West Germany. According to the estimates based on the data collected by various quarters, the percentage of losses inflicted by air raids on the factories and equipment

within the area of today's FRG was 12 percent of the losses caused to the steel industry and less than 15 percent of the losses suffered by the machine building industry, and only individual targets of the nonferrous metallurgical industry suffered losses to air raids. So the most the war did was to cause industrial production in West Germany to lose only 10 percent of its production capacity. In the early post war years, the occupier countries dismantled some of Germany's industrial enterprises. However, under U.S. protection, the number of dismantled monopoly enterprises in the FRG was repeatedly reduced. According to estimates, the loss of production capacity to the FRG's industry caused by dismantling in the 1946-1950 period was no more than 8 percent.

A comparison will make it clear to us that what the GDR inherited from pre-war Germany was a relatively weak capitalist economic basis, which suffered serious damages again during World War Two. It is estimated that 40 percent of the industrial equipment, 60 percent of the communications and transportation facilities, 30 percent of the agricultural machinery, and 40 percent of the housing in the GDR was destroyed during the war.

The developed capitalism in pre-war Germany also left the FRG with a strong technological foundation. Beginning from the early 19th century, Germany already attached importance to education by implementing a compulsory education system at the primary level. Before long, it quickly developed secondary education and technical education on the basis of the compulsory primary education. The government constantly increased its outlay for education. The FRG area, where capitalist industry is very well developed, tops Europe in the percentage of school enrollment among school-age children, the ability of the citizenry to write and calculate, the technological know-how of the workers, the ability of engineers to combine scientific principles with their application, and training and high-level scientific research. In spite of the heavy blows to Germany's education and science during the war, the western region of Germany still possesses a large contingent of scientists and technicians and a large number of skilled workers with vocational training because the region's original educational foundation was fairly good. The influx of several million refugees in the latter years of the war also brought some experts and technicians into the FRG. All this has not only laid a relatively solid foundation in the FRG in terms of education and scientific and technological research, but it has also played a major role in bringing about the fast restoration and speedy development of the FRG's economy. In contrast, because of its relatively weak economic foundation and backward education, the eastern German region falls behind the western region in terms of the technological know-how of the workers and the scientific and technological foundation.

The above analysis tells us that the two Germanies did not start their development from the same point and that there was a wide gap between them in the beginning. It is by no means what has been blindly assumed to be the case by those people who are attacking socialism. These

factors have a significant impact on, and play a very important role in, the future economic development of the two Germanies.

(II)

In addition to a solid material foundation and technological foundation, there is still another extremely important and special factor behind the speedy economic development achieved by the FRG after the war. That is, the export of capital—led by the United States—from the principal capitalist countries has played the role of a blood transfusion in restoring and developing the FRG's economy after the war. The United States, concerned for its own interests and global strategy, changed its policy and did its utmost to help the FRG improve its economy and restore its production capacity. In the early post war period, the United States exported large amounts of its capital to the FRG. According to the official statistics of the United States, between the end of the war and 1955, the United States provided as much as \$3.907 billion worth of aid to the FRG through the "post war areas administrative and economic assistance," the Marshall Plan (the plan for the recovery of Europe) and other such programs. The overwhelming majority of this aid was granted during the years when the FRG's economy was on the way to recovery. The Marshall Plan started in 1948 and provided a much needed blood transfusion to the FRG's monopoly capital at a time when it was undergoing reform and when it was in dire need of foreign currency and capital for the large-scale restoration of production. When he talked about this, former FRG Chancellor Erhard said with gratifying tears that the credit offered the FRG under the Marshall Plan was "the first decisive motivating force behind the rejuvenation."

Since the mid-1950's, private capital has continuously poured into the FRG from capitalist countries. From 1950 to 1973, the amount of private, long-term foreign investment in the FRG totaled 89.664 billion marks, with direct investment amounting to 43.206 billion marks. The United States ranks first in private investment in the FRG. The infusion of large amounts of foreign capital also brought new technologies to the FRG. Foreign capital and technological imports became an important condition in the FRG's economic development.

After the war, the GDR did receive some aid from the Soviet Union. However, at the time, the Soviet Union had just begun its own socialist construction. In addition, it was facing world capitalist encirclement and domestic difficulties. As a result, its aid to the GDR was far smaller than the capital export from major capitalist countries to the FRG. Further, the GDR, which was originally occupied by the Soviet Union, bore a huge burden of war reparations. This further slowed down the GDR's economic recovery and development.

With such a big difference in their starting points and their foundations, it is obviously against the objective

law of economics to demand socialist GDR to surpass the FRG in economic development within a short period.

(III)

When we compare two different social systems, we cannot do so apart from the historical conditions of the countries concerned. The FRG's current living standards and economic development are, indeed, higher than those of the GDR. However, because of the difference in their starting points and their foundations, to determine which system is more advanced and superior than the other, we should look primarily at their success in developing productive forces at a faster speed and in creating higher labor productivity.

The 1950's was a golden period for the FRG's economic development. Due to the factors listed above, the FRG registered high economic growth rates in this period. Its GNP rose at an annual rate of 7.8 percent. However, this high economic growth slowed to an average of 5.9 percent per annum in the 1960's. During this period, the GDR, with its weaker foundation, registered an economic growth rate roughly identical to or even higher than that of the FRG. Between 1950 and 1970, the GDR's economy quadrupled, rising at an average of 7.2 percent per annum. In terms of industrial growth, the FRG's industrial output value rose at an annual rate of 7.4 percent during these 2 decades, as compared with 8.8 percent registered by the FRG. In the 1970's, the FRG's economic development began to slow down, with its GNP rising at an annual rate of 3 percent, as compared with over 5 percent registered by the GDR. Beginning from 1980, the FRG entered a 3-year economic recession. The country reported a 1.8 percent rise in its GNP in 1980, which was followed by a negative growth of 0.3 percent in 1981, and another negative growth of 1.1 percent in 1982. The country's economy began to recover gradually in 1983, registering a 1.3 percent growth rate that year. Its 1987 growth rate was 1.7 percent. In comparison, the GDR achieved sustained, steady economic development in the first half of the 1980's, with its GNP rising at an annual rate of 4.5 percent. Its 1987 growth rate was 4 percent, surpassing the FRG's economic growth during the same period. The GDR achieved its economic growth primarily by adopting intensive measures and by raising its labor productivity. Between 1970 and 1982, its labor productivity rose 73 percent. Thus, during the past 40 years, it has made tremendous achievements in socialist construction and has extensively improved the people's material and cultural life. The fast growth of productive forces and productivity has fully manifested the superiority of socialism. Even FRG economists are forced to admit that the GDR's economic growth rate is "something to be proud of." Can this be called the failure of socialism?

In the course of economic development in the FRG, the inherent contradictions of the capitalist system itself have become more acute, but the socialist system has

effectively solved problems of economic development. This fully demonstrates the innate, good vitality of the socialist mechanism.

Although the FRG has taken a series of economic and social measures to prevent and solve problems in the course of development, it has not eliminated the maladies which are inherent to the capitalist system of private ownership and spontaneous market forces. Since the mid-1960's, the FRG has experienced four economic crises of fairly large scale, resulting in consecutive economic slowdowns and an increase in the jobless rate year after year. The jobless rate was 4.7 percent in 1975, and stayed between 4 to 7.3 percent after that. In 1988, it was 9 percent, leaving more than 2 million people without jobs. Massive unemployment is not a temporary phenomenon anymore. Periodic unemployment, coupled with chronic unemployment resulting from changes in the economic structure, has become an acute social problem. Although inflation in the FRG is considered rather moderate, it has been on the rise since the mid-1960's. During the 1970's, consumer prices increased at an average rate of 5.1 percent, which was double the average rate of the 1960's and was 2.68 times the rate of the 1950's. Uneven distribution of income and polarization in social wealth has become more serious since the 1960's. From 1950 to 1966, despite an overall improvement in the livelihood and prosperity of the people, concentration of the prosperity proceeded at a much higher rate. In 1950, the number of families of employees and people who lived off old age and disability pensions, which accounted for 70 percent of the total number of families, possessed a total of only DM18 billion in terms of wealth. By 1967, the number of this type of families accounted for 83 percent of the total number of families. On the other hand, the wealth of employers, the self-employed, and their enterprises jumped from DM21 billion to DM464 billion. As a result, by 1967, the average wealth of the families of employees was DM7,221, while that of the families of employers and other self-employed personnel was DM153,755, which was 21 times that of the employee families. Since then, distribution of wealth has been further concentrated. These maladies combined together became a syndrome of capitalism that caused the FRG's sluggish economic growth.

By implementing the socialist system of public ownership and giving priority to a planned economy, the GDR has effectively avoided this syndrome. Its economy has grown steadily since the late 1970's. In 1986 its per capita gross national product reached \$10,400. The people's material and cultural life has generally improved. Through government subsidies, the state has managed to keep the prices of food and basic consumer goods stable. From 1960 to 1981, each worker's average actual income rose by 134.6 percent, and net monetary income of the people increased by 117.6 percent. Social welfare policy has benefited all citizens of the society, and the gap between the rich and the poor has gradually shrunk in the course of economic development.

Of course, the GDR has also experienced detours in the course of economic development. But we need to make a specific analysis of this issue. The detours were not caused by the socialist system itself, but were an indication of the immaturity of socialism. We all know that the superiorities of socialism are to be developed through some specific forms, that is, through the corresponding political and economic systems. Socialism is something new. Due to restrictions imposed by subjective and objective factors, developing a perfect socialist political and economic system requires some exploration, and mistakes are unavoidable. The superiorities of socialism does not mean committing no mistakes. It does mean

committing fewer mistakes and quickly correcting them, so that productive forces can be developed more rapidly, thereby demonstrating the innate vitality of its own mechanism. The practical experience of the GDR has also testified to this point.

In a word, after making a concrete, historical, and scientific comparison of the development of the two Germanies, we know that while it takes time for the socialist system to achieve maturity, within a short period of time the system has begun to show that it has superiorities, good vitality, and a bright future.

Political & Social

Jiang Writes to Shanghai Commodity Administration *OW3011055989 Shanghai JIEFANG RIBAO in Chinese* 25 Nov 89 p 1

[By reporters Zhang Jiating (1728 0857 1656) and Jiang Xinhe (5592 1800 0735)]

[Text] Jiang Zemin, general secretary of the CPC Central Committee, wrote a letter, dated 29 October, in reply to Zhao Guojun, director of the Shanghai Administration of Import and Export Commodities Inspection, expressing his ardent hope that the vast numbers of staff and workers of the Shanghai Administration of Import and Export Commodities Inspection would be conscientious and meticulous in upholding the quality of import and export commodities and continue to do their part in safeguarding the country's reputation and interest.

In a letter in late September, Zhao Guojun reported to Comrade Jiang Zemin on the inspection of import and export commodities in Shanghai. Comrade Jiang Zemin wrote back a month later. His letter reads: "Dear Comrade Zhao Guojun: I have received your letter. I would like to extend my congratulations on the occasion of the 60th anniversary of the inspection of import and export commodities in Shanghai and the 40th anniversary of the founding of the Shanghai Administration of Import and Export Commodities Inspection. I hope that the vast numbers of staff and workers of the Shanghai Administration of Import and Export Commodities Inspection will be conscientious and meticulous in upholding the quality of import and export commodities and continue to do their part in safeguarding the country's reputation and interest."

Further on Li Peng's Xinjiang Meetings, Remarks

OW2911233288 Beijing Television Service
in Mandarin 1100 GMT 28 Nov 89

[Editorial Report] Beijing Television Service in Mandarin at 1100 GMT on 28 November, in its daily "National News Hookup" program, broadcasts a 9-minute announcer-read video report on Li Peng's inspection tour of Xinjiang from 21 to 26 November.

Video begins with a close-up shot of Li Peng reading a map of Xinjiang with the help of Foreign Minister Qian Qichen in the cabin of his special plane en route home from his visit to three South Asian countries. After a few close-up shots of several other officials accompanying Li Peng in the cabin and Li's wife, video shows a smiling Li Peng, in an overcoat, stepping down from the plane, followed by other officials, and shaking hands with Xinjiang leading cadres who come to welcome him.

After naming those who accompany Li Peng on the inspection tour, including Song Hanliang, secretary of the Xinjiang Regional CPC Committee, and Gao Huanchang, commander of the Xinjiang Regional Military

District, the announcer says: "During the inspection tour, Premier Li Peng is quite happy to see the people of all nationalities in Xinjiang unite, live in harmony, develop the economy, and consolidate border defense. He repeatedly stresses: To push forward our work, we must first have a stable political situation. He points out: As far as Xinjiang is concerned, the most important thing is to strengthen national unity, the foundation of which is to develop the economy. Only when the economy is developed can all nationalities grow prosperous together."

While the announcer is reporting the above remarks of Li Peng, shots continue to show clips of Li Peng's inspection tour, including his being briefed on Xinjiang's housing projects, examining cloth in a factory, and writing an inscription with a Chinese brush. The announcer continues: "During the inspection tour, Premier Li Peng repeatedly stresses the importance of strengthening agriculture. He points out: To develop the economy, we must develop agriculture as a foundation. The question of agriculture has always been China's most important issue. To feed 1.1 billion people, we can only rely on our own efforts. All party members have come to understand this question better and better and pay more and more attention to it."

The announcer goes on: "While inspecting the Ili River valley and Kashi's rural area, Premier Li Peng says: The rural household contracted responsibility system with remuneration linked to output must be stabilized. It will not do if this system is not stable. However, the fundamental way out for agricultural development is to rely on science and technology. Wherever conditions exist, and on a voluntary basis on the part of peasants, one way to develop the rural economy is to appropriately promote management on a proper scale, build and improve a service system before and after production, and develop a new collective economy."

"On 23 November in Karamay City," the announcer continues, "Premier Li Peng hears detailed reports by (Wang Tao), general manager of the Chinese Oil and Natural Gas Corporation, and responsible comrades of the Xinjiang Petroleum Administration and other units on Xinjiang oil prospecting. Premier Li Peng says: To develop Xinjiang's economy, we must regard oil as the leading industry."

According to the announcer, during his inspection tour, Li Peng visited three peasants' families, the Ili Woolen Textile Plant, the Kashi City Arts and Crafts Plant, the Heavy Oil Development Corp of Karamay Oilfield, a mosque in Kashi and an ethnic family's graveyard and met personages in local religious circles.

The final video clip shows Li Peng, flanked by a dozen seated cadres, speaking on the rostrum at the Xinjiang cadres' meeting on 26 November, which the announcer says is attended by 3,000 people. After reporting on Li Peng elucidating on domestic and foreign policies and his guiding idea for Xinjiang's development, the

announcer quotes Li Peng as saying: "By implementing the guidelines of the 5th Plenary Session of the 13th CPC Central Committee, we mean mainly solving well the questions in five aspects. First, it is necessary to develop the national economy on a long-term basis and in a sustained, steady, and coordinated way by continuing to improve the economic environment and straightening out economic order. This is the guiding principle we must always uphold in economic development. Second, it is necessary to handle correctly the relationship between improving the economic environment and straightening out economic order on the one hand, and achieving reform and opening to the outside world on the other. It is also necessary to integrate the two organically, and always uphold the principle of integrating a planned economy with market regulation. Third, all party members must pay attention to agriculture and strengthen the foundation of agriculture. Fourth, it is necessary to keep inflation under control and regard it as the central task for improving the economic environment and straightening out economic order and to make efforts to cut the total social demand so that it will not exceed the total social supply and so that inflation will taper off. Fifth, we must grasp the current favorable time when some products are in the interests of the buyers, readjust the industrial structure, raise economic results, and turn negative factors into positive ones."

While the announcer is reporting, the camera pans the spacious hall. Among the leading cadres seated on the rostrum is Qian Qichen. The cadres are seen sitting quietly, listening to Li Peng's speech.

Article Cites Efforts To Reassure Intellectuals

HK2111041789 Hong Kong SOUTH CHINA
MORNING POST in English 21 Nov 89 p 10

[By Willy Wo-lap Lam]

[Text] Beijing is trying to reassure jittery intellectuals that it is not closing the door to political reform.

While stressing that the party's authority will be enhanced, the Chinese Communist Party is pointing out that it is willing to take in opinion from different sectors of society.

In internal speeches, Beijing's leaders have recycled a goal popularised in the heyday of political reform introduced by ousted party chief Zhao Ziyang: that "the party Central Committee needs to listen to different views".

Beijing's internal circles have also reaffirmed a slogan first raised by reformist-minded National People's Congress chairman Wan Li that "the decision-making process must be rendered scientific and democratic".

In a landmark speech on "soft science" delivered in September 1986, Mr Wan, then a Vice-Premier, said that

the central Government must co-opt experts and intellectuals into its highest councils to hear their views before making decisions.

Recently high-level leaders, including ministers, have been instructed to "be-friend intellectuals, specially those who have different opinions to offer".

Academics in such leading research organisations as the Chinese Academy of Sciences and the Chinese Academy of Social Sciences have been told that free discussions of different academic viewpoints will not be construed as instances of "bourgeois liberalisation".

Democratisation of the decision-making process was also the theme of the just-concluded session of the advisory Chinese People's Political Consultative Conference (CPPCC).

During a meeting last week-end on the decisions of the fifth party plenum, individual CPPCC members called on the party to "develop democracy".

"Some party members and cadres do not listen to the views of the people," said CPPCC deputy Yu Zhan. "They (cadres) create trouble for whoever raises different opinions. Only when democracy is developed and links established with the masses will the party's holding power be increased and the enthusiasm of the masses stirred up".

Analysts say that Beijing is trying to arrest the centrifugal forces of intellectuals, who, since the June 4 Tiananmen Square massacre, have put up "passive resistance" to the regime.

Academics and think-tank researchers who do not sympathise with the conservative approach of the Li Peng administration have gone into hibernation.

Soon after the suppression of the democracy movement, the hard-line leadership hinted at the possibilities of measures to force intellectuals to "integrate" themselves with such proletariat classes as farmers and workers.

Since then, however, party leaders have reiterated Beijing's intention to honour its policy toward intellectuals.

Diplomatic analysts say Beijing is anxious to pacify intellectuals for fear they may be affected by recent events in Eastern Europe.

While the Chinese Government has imposed a virtual news blackout on reform movements in East Germany, Czechoslovakia and Bulgaria, such developments are known to intellectuals in large Chinese cities such as Beijing and Shanghai.

Prime Minister Li Peng has made it clear that China will not follow East Germany in instituting reform. However, Beijing is anxious to contain the fall-out from moves in the Eastern Bloc.

Commentary Views Illegal 'Treasuries' Inquest

HK2411114389 Beijing RENMIN RIBAO in Chinese
16 Nov 89 p 1

["Commentator's" Article: Seriously Check 'Small Treasuries'"]

[Text] Recently, the State Council decided to carry out an all-round and thorough check on "small treasuries" set up by various departments and unit. This check will be conducted along with the general taxation and price inspection that started earlier in 1989. This is to meet the requirements for economic improvement and rectification, punishing corruption, and exercising clean administration.

Possession and embezzlement of state and units' income, turning public money into private money, and funds deposited and spent without the authorization of the relevant financial and accounting departments all fall into the category of "small treasuries." Setting up "small treasuries" without authorization seriously violates the state's financial and accounting system and its cash management regulations. "Small treasuries" of some departments, enterprises, and units involve serious violations of law and discipline.

First, funds for these "small treasuries" generally come from illegal sources by illegal means. Some are embezzled or transferred from state budgetary and extrabudgetary income under all sorts of pretexts; some are illegally converted from sales income, operational and nonoperational income, and other types of income; and some are obtained from speculation and illegal sales through price disparities. Some departments in charge of economic work or supervisory departments have even gone so far as to illegally possess, retain, or confiscate enterprises' income. They privately deposit such illegal income without reporting to the higher authorities.

Second, "small treasuries" are used improperly and arbitrarily and have thus caused serious waste. Some people spend extravagantly, illegally store state controlled commodities, issue bonuses and rewards beyond limits, and arbitrarily allocate allowances, subsidies, and expenses for social intercourse and traveling.

Third, "small treasuries" are not entered in the relevant financial and accounting departments, are not restricted by financial or economic discipline, and are confused in management. Some units' "small treasuries" are misappropriated, distributed without authorization, and even embezzled.

"Small treasuries" have caused a drain on state revenues, led to the expansion of the consumption fund, and aggravated the contradiction between gross supply and demand. What is even worse, they have given rise to extravagance, waste, and unfair distribution in society; have corrupted the cadre contingent; have ruined party and civilian conduct; and have allowed corrupt elements and economic criminals to exploit the opportunity to their advantage.

In the course of economic improvement and rectification, we should no longer take a laissez-faire attitude toward "small treasuries," which have become increasingly serious. It is imperative to carry out an all-round and thorough check on them.

Checking "small treasuries" is bound to involve the interests of some units and individuals. To achieve good results, the key is that leaders at all levels should improve their understanding, straighten out their attitude, and pay serious attention to this work. It is necessary to educate our cadres, so that they will acquire a strong mentality of law, correctly handle the relationship between the state, the collective, and the individual, and understand the harm caused by "small treasuries." We should improve our welfare and increase our income through legal and appropriate channels by relying on the spirit of hard struggle and improving enterprises' economic results. We should not gain benefit by violating law and discipline but should combat all malpractices, including spending state and collective wealth without restraint.

Through screening and checking "small treasuries," we must recover those portions of revenues that are under illegal possession by some units. Units infested with serious "small treasury" problems must be severely dealt with; and their leaders and personnel in charge of financial and accounting work must be subjected to examination and held responsible for the problems discovered. Those who are involved in corruption, unauthorized distribution of revenues, and other criminal offences must be delivered to judicial departments for legal punishment. Furthermore, in the course of the current screening and check, all departments and units are required to bring their financial revenues and expenditures into regular orbit, to strengthen their management system, and to stop loopholes.

University President Discusses Marxism-Leninism

OW2711134389 Beijing BEIJING REVIEW in English
No 48, 27 Nov-3 Dec 89 pp 13-15

[Article by Zhang Zhen: "Marxism-Leninism Is the Banner of Our Times (I)"]

[Text] Editor's Note: The following is an article written by Zhang Zhen, president of the China National Defence University. The author is of the view that Marxism-Leninism is the revolutionary theory born in the struggle between the international working class and the international capitalist class. Marxism-Leninism, which guided the Chinese revolution to victory, will remain the fundamental ideology guiding all our work in the future. The article refutes the fallacies of bourgeois liberal trend of thought. Published in this issue is the first of a three-part series, which refutes the so-called outdatedness of Marxism-Leninism. The next two parts, which refute "the theory of harmfulness" and "the theory of pluralism," will be published in our next two issues. [end editor's note]

At the First Session of the First National People's Congress of the People's Republic of China 35 years ago, Mao Zedong solemnly declared in his opening address: "The force at the core leading our cause forward is the Chinese Communist Party and the theoretical basis guiding our thinking is Marxism-Leninism." This aphoristic language is not only the summation of China's experience gained in several decades of revolution but is also the fundamental principle guiding the nation's work.

In recent years, however, because of the unrestrained spread of bourgeois liberal trend of thought, Marxism-Leninism has been so seriously denounced and attacked that some people have questioned whether it can continue to be the theoretical basis guiding our thinking. Therefore, to refute the fallacies mouthed by exponents of bourgeois liberalization on this fundamental issue and to clarify what is right and wrong theoretically is an important task confronting us.

The common argument used by those favouring bourgeois liberalization to negate Marxism-Leninism is none other than "outdated theory." Taking advantage of changes in human history of the past decades they arbitrarily assert: "Marxism-Leninism belongs to a certain past, cultural period. Like clothes showing signs of wear, it should be changed."

Is that how things stand? No.

It is known to all that Marxism-Leninism is the revolutionary theory born in the struggle between the international working class and the international bourgeoisie in the 19th century.

After summing up the practical experience of the struggle for liberation of the international working class and critically adopting the best ideology of their time, Marx and Engels founded the materialist conception of history, an act of epochmaking significance in the history of science. Where bourgeois scholars could only see the motives of the people, Marx and Engels perceived the historical causes which lay hidden behind the motives, where bourgeois scholars could only perceive isolated historical events, Marx and Engels could see the law of history running through these historical events.

With materialist conception of history as the weapon, Marx and Engels dissected the capitalist society and discovered the capitalists' secret of exploiting the workers which lay hidden in the creation of the surplus value. As a special commodity, the labour force carries in itself the unique property of being a source of value. After the "equal" exchange of commodities, in the process of the use of labour, labour force creates the value of its own, it also creates a surplus sum which exceeds its own value. [sentence as received] The increment of the value was called by Marx and Engels surplus value. The discovery of surplus value was a revolution in the political economy and illuminated a field in which classical economists had long been groping in the dark.

The uncompromising contradiction between the bourgeoisie and working class was laid bare all at once.

Because of the founding of materialist conception of history and the theory of the surplus value, socialism was transformed from a utopian theory into a scientific one. As Lenin confirmed, Marx's conclusion that the capitalist society will inevitably be changed into the socialist society was made solely on the basis of the law governing economic movement in modern society. Since the capitalist class and the working class are two diametrically opposed classes with regard to their fundamental interests, the conflicts originate in capitalism's private ownership and its system of wage labour. Since this economic system has seriously hampered the growth of the productive forces, capitalism would itself prepare the material conditions and class forces necessary for the new social revolution; the new social revolution in which the "expropriators will be expropriated" will be unavoidable.

It is thus clear that Marxism brought to light the general trend and the general law of the great epoch that mankind would move from capitalism to socialism and then, to communism and, so long as the great epoch is in process, Marxism will forever be the theoretical banner for the development of this epoch. Because its fundamental interests keep in step with the general trend and the general law of the development of the epoch, the proletariat has become the leading class in the epoch. The historical mission incumbent upon it is to complete the great task of abolishing capitalism and building socialism and communism. Marxism, on its part, is the theoretical expression of the proletariat's fundamental interests and is the guiding theory of the great historical mission of the proletariat. So long as the proletariat exists and its epochal task has not been completed, the proletariat will forever hold high the banner of Marxism to forge ahead courageously.

Already, Marxism has a 100-year history. During this time, and especially after World War II, great changes have taken place throughout the world and many new situations and problems have developed. There have been the relative stability and prosperity of capitalism and the errors and twists and turns in the development of socialism. These changes, however, have not altered the fundamental contradiction, essential content and the developmental trend of the great epoch, but are, instead, minor happenings.

The relative stability of the fundamental contradiction, essential content and developmental trend of the great epoch in the transition from capitalism to socialism and communism is the historical basis for our adherence to the basic theory of Marxism. Constant changes in the relatively stable world situation are the historical requirement for the development of Marxism. The vitality of Marxism lies in the fact that it develops along with the advance of practice, and this is the inherent basis on which Marxism is the banner of the epoch.

Mao Zedong made an incisive exposition when speaking on the "process of all things." He said: "The fundamental contradiction in the process of development of a thing and the essence of the process determined by this fundamental contradiction will not disappear until the process is completed; but in a lengthy process, the conditions usually differ at each stage. The reason is that, although the nature of the fundamental contradiction in the process of development of a thing and the essence of the process remain unchanged, the fundamental contradiction becomes more and more intensified as it passes from one stage to another in the lengthy process. In addition, among the numerous major and minor contradictions which are determined or influenced by the fundamental contradiction, some become intensified, some are temporarily or partially resolved or mitigated, and some new ones emerge; hence the process is marked by stages." (On Contradiction)

The mistake made by advocates of the "outdatedness" theory lies in their ignorance of the Marxist theory on the process of development of things.

In the eyes of Marxist and Leninists, the relative prosperity which has emerged in the capitalist countries in the last decades has been shaped by certain historical conditions and has something to do with the various reform measures pursued by capitalist countries after World War II, with the breakthrough in the development of science and technology and with their exploitation of Third World countries. It has not changed the essence of capitalism and abolished the contradictions inherent in capitalism. Capitalism is still capitalism and the relationship between the capitalists and workers is still one of the exploiting and the exploited classes. Although, along with the changes of the industrial structure, the ranks of the working class have changed and the number of the "white-collar" workers is still on the increase, both the "white-collar" and "blue-collar" workers are still exploited by capitalists. Surplus value is still the excess value of the labour force itself, created by the labour of all the workers, "white-collar" workers included. Although workers' wages have increased by a big margin, it shows only that, along with the development of the capitalist society, the reproduction conditions and expenses of the labour force have also changed. In no way does it indicate that the exploitative relationship has changed.

The relative prosperity of capitalism involves profound social contradictions. The capitalist society has always been plagued with inextricable economic stagflation, the sluggish growth of labour productivity, the serious unemployment, the endless strikes, the increasing number of criminal cases and plots hatched by the international monopoly capitalists against each other. No one, including the many representatives of the capitalist class, can deny this fact. Currently, although no revolutionary situation exists in capitalist countries, what merits our attention is that workers' parties in some developed countries are exploring new paths to emancipation in accordance with the new situation. They live in

a developed capitalist society, but they don't believe that capitalism has entered a stage without class conflicts. Conversely, they still view capitalist society as a society full of contradictions and evils, one which should undergo revolutionary reform in accordance with the direction charted by Marxism-Leninism.

Marxists and Leninists do not view the twists and turns, errors and setbacks and the consequential reforms emerging in socialist practice as a proof of Marxism-Leninism being "outdated." On the contrary, it proves that Marxism-Leninism is the inviolable, objective truth. Let's leave aside the fact for the moment that, in history, one social formation replacing another must undergo prolonged, tortuous and repeated struggle, and that the substitution of socialism for capitalism which is the most profound social change in human history. As far as setbacks and errors are concerned, they did not result from our adherence to but, instead, from our violation of certain scientific tenets of Marxism-Leninism. When socialist states adopted the model of a certain country in their economic construction and thus formed an ossified economic structure, it was not because they adhered to but instead ran counter to the principle that a country must be based on its specific features in taking the socialist road, an idea repeatedly emphasized by Marx, Engels and Lenin. When leaders in some socialist countries formerly practised the cult of personality, which harmed the socialist democracy and the legal system, it was not because they upheld but instead violated the historical materialism of Marxism-Leninism on mutual relations between leaders, political parties, classes and the masses. In the past, impatient for success, we made blind and premature advances and practised the "great leap forward" in our socialist construction. It was not because we adhered to but rather went against Marxist-Leninist theory of seeking truth from facts and respecting the objective law.

Currently, many socialist countries are carrying out reforms on the basis of summing up their experience and lessons. Reforms are a means of self-perfection and self-development of the socialist system under the guidance of Marxism-Leninism. The great historic turn of a decade ago in China was attained under the guidance of the principle of Marxism-Leninism and Mao Zedong Thought on seeking truth from facts. The great achievements made in China's construction, reform and opening up in the past decade are great victories for Marxism-Leninism and Mao Zedong Thought. The facts fully prove that Marxism-Leninism is the victorious banner guiding our advance.

All in all, the world today is developing along the general direction charted by Marxism-Leninism. It remains the banner of our time, this is the common understanding of Marxists and Leninists the world over, as well as the conclusion of some serious Western scholars. A noted U.S. scholar said in 1980 that Marx's works could still have such an impact after one century. Clearly, he pointed out, it is because of Marx's method of social analysis which made him unique in social theory. Those

who explore the motivation of social development and those who are engaged in social critical studies must learn from Marx.

Procuratorial Organs Study Marxism-Leninism

OW2711014689 Beijing XINHUA Domestic Service
in Chinese 1217 GMT 25 Nov 89

[Text] Beijing, 25 Nov (XINHUA)—At a national work conference of procurators held today, Wang Xiaoguang, deputy procurator general of the Supreme People's Procuratorate, urged procuratorate organs at all levels to organize their cadres and police to conscientiously study basic theories of Marxism-Leninism and Mao Zedong Thought and establish a sound system of study.

Wang Xiaoguang said: At present, the focus of our drive to learn the basic theories of Marxism is to do a good job in studying the philosophy of Marxism. Procuratorate work requires that emphasis be given to the selection of readings from 10 classics, including "The Communist Manifesto" by Marx, Engels, and Lenin; [as received] "Critique of the Gotha Programme"; "On Dialectics"; and Mao Zedong's "On Protracted War," "On Contradiction," and "On Practice." It is necessary to gradually master, through study, basic viewpoints and methods of Marxist dialectical materialism and historical materialism, as well as the Marxist theory of the state and theory of democracy and dictatorship.

Wang Xiaoguang also urged all cadres and police of procuratorate organs to conscientiously study important works by Comrade Deng Xiaoping in order to understand his viewpoints and theories, especially his basic theories on building socialism with Chinese characteristics, which he proposed in the effort to combine Marxism-Leninism with China's revolutionary realities.

Wang Xiaoguang asked procuratorates at all levels to continually deepen education on the four cardinal principles and antibourgeois liberalism and further strengthen clean government construction in procuratorate organs, with emphasis on increasing the anticorruptive ability among leading cadres at all levels and masses of procuratorate personnel.

CYL Leader Song Defu Addresses Conference

OW2611050389 Beijing XINHUA Domestic Service
in Chinese 1247 GMT 24 Nov 89

[By reporter Hu Xiaomeng (5170 2556 1125)]

[Text] Tianjin, 24 Nov (XINHUA)—Song Defu, first secretary of the Communist Youth League [CYL] Central Committee, addressed the closing session of the second CYL ideological and political work conference today and called on CYL organizations at all levels to earnestly organize CYL members to study communism and turn the CYL into a school for educating the vast

number of young people on communism. The conference, which was held in Tianjin, discussed primarily how to improve ideological work under the new situation.

Song Defu said: CYL organizations should consider it their routine responsibility to organize their members to study communism. CYL organizations should devise different programs for the young people in accordance with their different ideological levels, occupations, work environments, experiences, and educational background as well as guide them to study communism and integrate their lofty ideals with day-to-day work.

Song Defu stressed: CYL organizations should actively organize their members, especially the cadres, to do the following: study basic Marxist theories; take over the ideological bastions with Marxism; and observe things, guide their conduct, and direct their work in the light of Marxism.

Song Defu said: CYL organizations must work energetically in a down-to-earth manner and encourage their members to begin with small projects, cultivate virtues and lofty sentiments, and carry forward the spirit of waging arduous struggles. CYL organizations, cadres, and members must not put forward any proposals and slogans that contravene those of the CPC, but must maintain unity with the party Central Committee politically and ideologically as well as in all actions.

The 100 or so CYL cadres and grassroots representatives at the 4-day conference proposed to direct efforts toward promoting positive education [zheng mian jiao yu 2973 7240 2403 5148] in order to intensify ideological and political work. They said: CYL organizations must be theoretically more proficient through studying basic Marxist theories. They must extensively encourage their members to emulate Lei Feng and provide communist voluntary services. They must revitalize young people's cultural activities, improve the social environment, safeguard young people's interests, and contribute to governmental honesty and cleanliness by joining other social quarters in supervising the government.

Article Lists Features of Socialist Democracy

HK2411121389 Beijing LIAOWANG in Chinese
No 45, 6 Nov 89 pp 8-9

[Article by (Zhang Shangzhuo, 1728 1424 0213): "Ten Major Characteristics of Socialist Democracy in Our Country at the Present Stage"]

[Text] Shortly before the founding of our nation, the "Common Program," which was adopted by the first general meeting of the Chinese People's Political Consultative Conference, and which performed as a temporary constitution, had already laid a firm political and legal foundation for establishing and developing a socialist democratic system in our country. In 1954, the first meeting of the first National People's Congress was convened, and the first socialist Constitution for our country was adopted. This further consolidated people's

democratic dictatorship as a state system for our country and further enhanced the system of people's congress as a political system. Generally speaking, in the past 40 years, although the socialist democratic system has gone through a rough process of development after it was formed in our country, it has always advanced, judging from the development of the socialist system of public ownership. In particular, since the 3d Plenary Session of the 11th CPC Central Committee, the contents of our country's socialist democratic system have been enriched, and various democratic institutions suited to our country's situation have been gradually established and perfected. Practice in the past 40 years has proven that: Our country's socialist democratic system, a system used by the great masses of the people to manage their country, is a new type of democratic system unprecedented in Chinese history. At present, our country's socialist democratic system, which has come into its current phase, has at least the following 10 major characteristics:

First, our country's socialist democratic system is for the absolute majority of our country's population—the working people. In the socialist society in our country, workers, peasants, intellectuals, and all the patriots are the masters of the country. Not only can they act according to their will when electing to the people's congress deputies who can really represent the people's interests and hold all of the state's power on their behalf, but they can also directly take part in managing the country, in managing economic and cultural undertakings, and in managing social affairs, through various channels and styles. They are entitled to this by the regulations of the Constitution and law; thus they exercise the right of being the master. This characteristic is completely different from that of the bourgeois democratic system. The bourgeois democratic system practiced by the key bourgeois countries in the contemporary world also claims that it is practicing "democracy for the whole people" enjoyed by the whole people in a country, and that "all power belongs to the people," but under the conditions of bourgeois dictatorship, this kind of democratic system is in reality a democratic system enjoyed by the absolute minority of exploiters in a country; it is heaven for the rich, a trap and fraud for the poor.

Second, judging from another angle, our country's socialist democratic system is also a dictatorship over an extremely small portion of our country's population; that is, the portion of the antagonistic elements who want to disrupt socialism. Our country's state system is called the people's democratic dictatorship because this state system, as an important component part of the socialist democratic system, performs the function of ensuring the working people, who occupy the absolute majority of the population, the status of master; on the other hand it performs the function of ensuring dictatorship over a small handful of antagonistic elements who want to disrupt socialism. Our socialist democratic system ensures that the great masses of people can fully enjoy various democratic rights and freedoms, including freedom of speech, freedom of press, and freedom of

assembly, as provided for in the Constitution. However, it must also ensure that it will never grant any freedom of law breaking or freedom of crimes to the anti-socialist forces.

Third, our country's socialist democratic system is one with a broad base. Our country is a socialist country with the system of people's democratic dictatorship; it is led by the working class and based on the alliance of workers and peasants. It is clearly stipulated in the preface of the Constitution of our country that: The undertaking in building socialism must rely on workers, peasants, and intellectuals, and unite with any forces that can be united with. Our country is a country with many minority nationalities. In our country, a socialist national relation with emphasis on equality, unity, and mutual assistance has been established and will be further fortified. Further development of this kind of national relation is also an important content of building socialist democracy in our country. In our country, the United Front will continue to play an important function during the period of socialist construction. The CPC has resolutely carried out the principles of "long-term coexistence and mutual supervision," and "mutual dependence, for better or for worse;" it has established the system of cooperation among various parties under the CPC leadership; that is, a system totally different from the multiparty system or two-party system in capitalist countries. The CPC has also continually strengthened cooperation with various democratic parties, democratic personages not affiliated with any party, minority nationalities, and patriots of religious circles; it has further consolidated and strengthened the broadest patriotic United Front formed by the whole socialist workers, the patriots who support socialism, and the patriots who support the country's reunification, including Taiwan compatriots, Hong Kong and Macao compatriots, and overseas compatriots. This indicates our country's socialist democratic system has an extensive foundation, which is unmatched by any bourgeois democratic system practiced by any bourgeois country.

Fourth, our country's socialist democratic system is practicing the broadest degree of democracy. In our country, the people as the master is manifested in various aspects of the state's political, economic, cultural, and social life. The great masses of our people have organized power organs at various levels, through the representatives they elected, to rule the country on their behalf, and they can directly participate in managing various state affairs and social affairs through various channels and styles, as provided for by the Constitution and law, to realize their right as a master. For example, for building grassroots political power, we have implemented direct democracy; that is, the people's representatives for grassroots political power are directly elected by the people. Within urban and rural enterprises, we have implemented the system of democratic management by the working people: The workers of state-run enterprises are to take part in enterprise management through meetings of worker representatives or other

forms, with reference to law; and for collective economic organizations, with reference to law, management personnel are to be appointed or dismissed by the whole of the workers, who are also to decide on the major problems of management and operation, to carry out democratic management of their enterprises. As for cultural life, the great masses of people in our country have also directly participated in managing various cultural undertakings through the form of mass organizations, acting in accordance with law. Regarding social life at the grassroots level, the state has actively developed autonomous mass organizations at the grassroots level, found many resident committees and villager committees, absorbing the great masses of people to directly take part in managing the state's affairs and social affairs. The democracy realized by our socialist democratic system includes not only political democracy, but also the democracy in which the people directly manage their own economy, cultural undertakings, and social affairs. This extensive democracy cannot be matched by the democracy practiced by the bourgeois democratic system.

Fifth, our country's socialist democratic system is an excellent form of organization for self-education for the masses. In our country, the great masses of people not only participate directly in managing the state's activities through various channels and forms, but also manage their own daily affairs through the extensively established autonomous mass organizations at the grassroots level. In our country, under the resident committees and villager committees, the people's mediation committees and public security committees are generally established to handle the affairs of their own residential districts. The great masses of people can achieve the goal of self-education through the activities of handling public affairs. For example, through participation in the activities of the people's mediation committee, the great masses of people have a very good function in settling disputes for the people and in strengthening unity, reducing lawsuits, and preventing crimes. Our country's system of people's mediation, as an important component of the socialist democratic system, is highly praised by the great masses of people and friends abroad. Our country's socialist democratic system, as an excellent form of organization for self-education for the masses, is something that cannot be done nor possessed by the bourgeois democratic system.

Sixth, the building of the socialist democratic system in our country is closely linked with the building of a socialist legal system. In our country, the party and the state attach great importance to crystallizing the achievements in building socialist democracy—the achievements in building the political power in the form of the state system of people's democratic dictatorship and of the system of people's congress—by means of Constitution and law. Another means of doing this is to rely on the state's compulsory force to ensure their actual implementation in real life and their continuous development. So long as socialist democracy is protected by a socialist

legal system, it can effectively prevent and avoid being infringed upon by the people who cause destruction, and the function of master played by the great masses of people can be fully developed. On the one hand, only on the basis of developing socialist democracy can the socialist legal system be set up and perfected; on the other hand, only when the socialist legal system is continually perfected can the right of people as the master be protected. Therefore, for the sake of consolidating and developing our country's socialist democratic system, socialist democracy must be continually institutionalized and legalized. Regarding this, the drawing up and pronouncement of our country's Constitution in 1982 set an example for institutionalizing and legalizing socialist democracy in our country, as well as opening up a broad prospect for this endeavor. The building of socialist democratic system is closely linked to the building of socialist legal system in our country, and this is one of the important characteristics of the socialist democratic system in our country.

Seventh, our country's socialist democratic system is a democratic system ensuring integration of right and obligation in political life and people's daily life. In our country, a citizen's rights and obligations are not separable. Any citizen, whoever he maybe, is not to fulfill obligations without enjoying rights, or enjoy rights without fulfilling obligations. With reference to this important characteristic of our socialist democratic system, we have built our interpersonal relations and the correct relations between individuals and society. On the one hand, the state and society must protect various rights and freedoms enjoyed by all the citizens as provided for by the Constitution and law; and on the other hand, every citizen must consciously shoulder and fulfill various obligations stipulated in the Constitution and law. Any citizen, when exercising the freedoms and rights entitled to him, should not jeopardize the collective interests of the state and the society, as well as the legitimate rights and freedoms of other citizens.

Eighth, our country's socialist democratic system is a democratic system practicing democratic centralism. In our country, the relation between a high degree of democracy and a high degree of centralism is a relation of dialectical unity and is completely identical. Our country's Constitution clearly stipulates that our state organs observe the principle of democratic centralism. With reference to democratic centralism, we have practiced a democratic system whereby we gather the will of the majority of people from bottom up and implement this will from top down. We have practiced centralism upon the basis of democracy, and democracy guided by centralism. This kind of democratic system is beneficial to forming a political situation in which "there is centralism and democracy, discipline and freedom, as well as unified will and individual easiness and vividness." This characteristics is also not possessed by the bourgeois democratic system, nor attainable by it.

Ninth, our country's socialist democratic system is a democratic system which practices integration of consultation and implementation. In our country, the great masses of people elect their representatives to organize the state's power organs at various levels, and the state's power organs at various levels exercise the state's power in an unified way. At the same time, under this prerequisite, the state's executive power, judicial power, procuratorial power, and power to command the army are clearly differentiated, enabling the state's power organs to work with other state organs in a coordinated manner. The practice of integration of consultation and implementation upon the basis of democratic centralism is an important feature of socialist democratic system differing from the division of three kinds of power practiced by the bourgeois democratic system.

Tenth, our country's socialist democratic system is built under the CPC leadership. The continuous development and perfection of this kind of socialist democratic system cannot be separated from the CPC leadership. The experience acquired in more than half a century has forcefully proved that in our country, to build a new type of socialist democratic system in the history of social development of mankind, the CPC leadership is needed. Also, to develop and perfect this kind of democratic system, the CPC leadership must be upheld. In China, without the CPC leadership, there will be no socialist democratic system. This is what the sham, fraudulent class-transcending and party-transcending viewpoint of democracy dares not to say, and what we dare to elaborate openly. This is also an important feature of our country's socialist democratic system.

Article Views Legal Cooperatives

HK2311063189 Hong Kong SOUTH CHINA
MORNING POST in English 23 Nov 89 p 21

[By Beijing Bureau Chief John Kohut]

[Text] On the evening of April 15, Wu Xiaoji and Chu Jiajun gathered with their colleagues over beer and Chinese steak to celebrate: earlier that day they had received the final approval to open up a private law firm, one of China's first.

But the spirits of the would-be revellers were dampened by greater events.

"When we arrived at our partner's home, the first news we got was that Hu Yaobang had died," said Mr Wu, one of the five partners of Beijing's J. and H. Law Office. "The feeling at the party was different from what it should have been."

As with so many other aspects of Chinese life, the events that unfolded after that grey day in April have taken a toll on China's nascent legal system.

Earlier in the year, there had been a feisty debate on reforms that many hoped would transform China's judicial system, freeing it from subservience to politics.

Among the most radical proposals were that "counter-revolution" should be struck from the criminal code, and that a journalism law should be drafted.

The events of June 4 and after have put an end to such talk.

But at least one reform ushered in over the past few years has escaped the current political crackdown—"lawyer cooperatives" not run by the Government; the closest thing to private, Western-style law firms China has ever had.

That in itself is no small victory. China is a country in which lawyers have traditionally been considered tricksters and the legal profession has been a victim of political movements.

After the 1957 anti-rightist campaign, the legal system was left virtually dismantled. During the Cultural Revolution, China was a nation without practising lawyers.

Steps have been taken since 1979 to revive the legal profession. But until last year, when the lawyer cooperatives started appearing, all law offices were run by the state.

Though legal reform has suffered a setback since hardliners consolidated their political control in June, so far it does not appear that the Government is prepared to wipe out all that has been built over the past decade, according to Timothy Gelatt, an expert on Chinese law who works for the New York firm Paul, Weiss in Shanghai.

Chinese law may not conform to what Westerners see as due process, but "there is now a concern for law that makes them (the authorities) want to be perceived as following it."

Lawyers have been told that now is the time for "consolidating, adjusting and developing" the system of lawyer cooperatives—words that are code, more or less, for standstill.

What distinguishes cooperative law firms from state-run firms is that the cooperatives are not subsidised by the Government and thus need to attract clients to survive.

"In my old law firm, even though I worked very hard, I received the same salary as the others. Some worked harder than I, but some did nothing," said Mr Chu, 27, who got a Masters Degree in law from the Chinese Academy of Social Sciences in 1987 and worked in a state-run firm for 18 months before helping start up J. and H.

All five partners of J. and H. (the Chinese name is Jun He, meaning "Gentlemen's Cooperative"), speak English and each has a masters degree in law or the equivalent.

J. and H. is the third of the four lawyer cooperatives set up in Beijing since May last year. An estimated 50 to 60

cooperatives now operate in China, with the encouragement of the Ministry of Justice.

One of the reasons for experimenting with cooperatives was to save the Government the cost of financing law firms. State-run firms have hiring ceilings. In total, there are only about 30,000 to 40,000 lawyers in China.

"Competition (among lawyers) is not particularly tough," said Wang Yiling, whose Jingwei law office was the capital's first cooperative law firm.

There were also those in the Government who believed a system of lawyer cooperatives might help boost people's confidence in lawyers, according to American legal expert Mr Gelatt.

One Chinese newspaper commented last year that many people distrusted lawyers, seeing them as government officials without uniforms.

To be a lawyer in China, "the most important thing is to put one's clients ahead of everything, and avoid any interference," said Mr Wu, 30, who spent three years as a visiting scholar at the Arizona State University Law School after completing a bachelor's degree in law and working for several years in China.

Independence from the Justice Ministry is an advantage for firms that specialise in business law, as J. and H. does.

Foreign companies generally distrust Chinese Government-run law offices because they must be loyal to the state as well as their clients, creating a conflict of interest.

About half the clients of J. and H. are foreign—companies from Japan, Hong Kong, the United States and Singapore.

Despite the down-turn in business in China since June, J. and H. is still able to make a tidy profit. Though he would not disclose the firm's monthly revenue, Mr Chu said his own income is several times the 97 yuan (about HK\$203.70) a month he used to earn at his previous job.

But while the existence of lawyer cooperatives is an encouraging sign for China's legal system, the legal profession has a long way to go in China, particularly in the most sensitive areas of criminal law, according to Western experts and Chinese journals.

Mr Wang said that about a quarter of the cases he and the other eight full-time and eight part-time lawyers at Jingwei handled were criminal. He insists there is no case he would refuse.

"There is not such a thing as not being willing to undertake a case," he said.

However, China's press had, before June 4, been critical of the country's legal system.

In December last year, CHINA YOUTH NEWS noted that lawyers who defended accused persons were suspected of disloyalty to the Government. It quoted a deputy justice minister as saying only 20 percent of criminal cases involved lawyers.

Moreover, lawyers do not get started on a defence until late in the process, usually about a week before trial. By then, the prosecution may have had several months to build up a case against the accused.

There had been talk of getting lawyers involved in the earlier stages of criminal cases, but such discussion appears to have been silenced for now.

Yang Shangkun Plays Golf in Beijing

OW3011070289 Tokyo TOKYO SHIMBUN in Japanese
28 Nov 89 Morning Edition p 7

[By correspondent Sakoda]

[Text] Beijing, 27 Nov—Golf has recently become a popular sport for some leading Chinese officials, probably because it has been approved as an official event of the Asian games next year. State President Yang Shangkun showed up at a golf course and enjoyed a game on Sunday, 26 November. This was witnessed by Japanese representatives [chuzaiin] stationed in Beijing.

The course where President Yang played golf is a Sino-Japanese joint venture located in Shunyi County to the northeast of Beijing Municipality. He showed up at the course during his inspection of Asian games facilities on the morning of 26 November. After inspecting several holes on foot, he reportedly played a game.

Speaking of golfers among leading Chinese figures, former General Secretary Zhao Ziyang was a noted golfer. However, according to those concerned, it was "perhaps the first time" President Yang was seen playing golf.

President Yang, one of the daring vanguards who brought down former General Secretary Zhao Ziyang during the Tiananmen incident, is regarded as the central figure of the conservative hardliners. Since President Yang played golf, which was a favorite sport of the reformist Zhao, it has become the talk of the local Japanese community: "Is Mr Yang trying to change his image, shifting from a conservative to a reformist?"

Commentator's Article Condemns 'Six Vices'

HK1711073589 Beijing RENMIN RIBAO in Chinese
15 Nov 89 p 1

[Commentator's Article: "Resolutely Wipe Out Various Disgusting Phenomena"]

[Text] While firmly grasping the work of "eliminating pornography," Shandong Province has concentrated effort and time on eliminating all kinds of disgusting social phenomena. This has played a positive role in

further stabilizing the social order and developing a political situation of stability and unity.

At present, the whole party and the people of the entire nation are conscientiously implementing the spirit of the 5th Plenary Session of the 13th CPC Central Committee. The tasks before us are glorious and arduous. In order to fulfill these tasks, we must maintain long term stability in society. The greatest interest of the people throughout the country and an important issue in the overall situation is stability. Without stability there can be no development. However, all kinds of disgusting phenomena in society, including pornographic pollution, are factors of instability. Therefore, while firmly implementing the policies of improvement, rectification, and deepening reform, we must make up our minds to achieve greater successes in "eliminating pornography" and resolutely wipe out all kinds of disgusting social phenomena.

Over the past few years, some localities and departments have done a good job in fighting against all kinds of disgusting phenomena. However, the ideological trend of bourgeois liberalization and all kinds of erroneous outlooks on life and concepts of value have seriously corroded the people's thinking and poisoned the social atmosphere. Some disgusting social phenomena, such as prostitution, the abduction of women and children, drug trafficking, gambling, deceiving and swindling people by feudalist and religious means, and setting up illegal factional organizations, which had once disappeared from our society, have revived and are becoming more and more serious. In some areas, disgusting social phenomena have been spreading unchecked, aggravating social and security problems there and doing great harm to some people, especially young people, who have not had sufficient social experiences. In some areas, the rate of juvenile delinquency and the crime rate in schools have both been increasing. This is also a result of the spreading of disgusting social phenomena. Therefore, it is necessary to make up our minds to eliminate all kinds of disgusting social phenomena. This is the need of the developing situation and is in conformity with the people's will. It will certainly enjoy the support of the broad masses of people.

Some disgusting social phenomena and lawbreaking activities have appeared in some areas. This has something to do with the fact that party leadership has been weakened over the past few years and the building of grassroots power organs and security organizations and education in socialist morality and the legal system have been neglected. It also has something to do with the weakening of ideological and political work, unhealthy party style, and the weak sense of responsibility of some cadres. Some party members and cadres have not tried to stop this; in carrying out the struggle against the abduction of women and children, they have even participated in and supported it. Therefore, it is necessary to regard the work of eliminating disgusting social phenomena as important in the appraisal of the work of cadres, just as Shandong Province does. The duty of a communist is to struggle against all disgusting phenomena and eventually

wipe them off the face of the earth. This historical mission can never be abolished or relaxed now or in the future. In the past few years, however, due to the influence of the ideological trend of bourgeois liberalization, the revolutionary will of some Communist Party members has been waning. They did not dare criticize or resist disgusting social phenomena and did not dare carry out struggles against bad people and bad things. This is what those people who are trying to subvert and sabotage our country would like to see. It is also a vicious means used by people with ulterior motives to corrode our party, cadres, and socialist system. Our comrades should not be too naive.

Eliminating disgusting social phenomena is arduous and complicated work. It requires a firm and clear-cut stand, effective measures, and sustained efforts. All departments concerned must cooperate with one another and make concerted efforts under the unified leadership of the party committee, and combine the work of "eliminating pornography" with the work of eliminating all kinds of disgusting social phenomena. They must make unremitting efforts to grasp well the work of building socialist spiritual civilization.

Military

Encyclopedia Lists Lin Biao Among Strategists

OW3011001389 Beijing XINHUA Domestic Service
in Chinese 0915 GMT 29 Nov 89

[By reporter Xu Jingyue (1776 0079 6460)]

[Text] Beijing, 29 Nov (XINHUA)—How many military strategists that once shook heaven and earth by devising strategies within a command tent have emerged in the course of the epic-like Chinese people's revolutionary war? After confirmation by the Central Military Commission, 33 have been appraised as "strategists" and entered into the recently published "Prominent Military Figures of the People's Liberation Army [PLA] Under the Military Volume of the Chinese Encyclopedia."

They are Mao Zedong, Zhou Enlai, Zhu De, Deng Xiaoping, Peng Dehuai, Liu Bocheng, He Long, Chen Yi, Luo Ronghuan, Xu Xiangqian, Nie Rongzhen, Ye Jianying, Yang Shangkun, Li Xiannian, Su Yu, Xu Haidong, Huang Kecheng, Chen Geng, Tan Zheng, Xiao Jinguang, Zhang Yunyi, Luo Ruiqing, Wang Shusheng, and Xu Guangda. There are also eight strategists who dedicated themselves to the cause of the PLA. Among them are Ye Ting, founder of the PLA; Xu Jishen, Cai Shexi, Duan Dechang, and Zeng Zhongsheng, senior commanders of the Chinese Workers' and Peasants' Red Army; Zuo Quan, senior commander of the Chinese Workers' and Peasants' Red Army and the 8th Route Army; and Peng Xuefeng and Luo Binghui, senior generals of the Chinese Workers' and Peasants' Red Army and the New 4th Army. Also listed among them is Lin Biao.

Article Views Features of Military Laws

HK2111023989 Beijing JIEFANGJUN BAO
in Chinese 9 Nov 89 p 3

[Article by Fu Runming (0265 3387 2494): "Several Characteristics of Military Law"]

[Text] The military law bears the general characteristics of laws as well as its own specific characteristics, which can be mainly summarized as follows.

I. Unity

In terms of its sources, the military law can be enacted by three types of state organs: first, the organ of state power, that is, the National People's Congress and its Standing Committee; second, state administrative organs, that is, the State Council and all ministries and committees under it; third, state military organs, that is, the CPC Central Military Commission, and all general departments, arms and services, and major military regions under it. Of all the laws enacted by the above state organs, the laws enacted by the state power organ including basic military laws, and state laws, hold the highest authority in the system of military laws. The standard documents worked out by state administrative organs or state military organs including military laws and regulations, and military rules, are arranged in different levels, in accordance with ranks of the relevant organs and their terms of reference; the higher the ranks, the greater the powers, and the broader the jurisdiction under the organs that enacted the laws and regulations, the higher the authority of the laws and regulations, and the higher the status and more authentic the laws and regulations in the legal system. In other words, the powers of state organs and the force of the standard documents they enacted correspond to their status in the legal system. Therefore, the ranks of administrative or military organs determine the level of the laws and regulations they enacted.

II. Coerciveness

Coerciveness is the general characteristic of laws. This characteristic is shared by the Constitution, the criminal law, and the civil law. But the mandatory characteristics of the military law are more conspicuous owing to the specific characteristics of military organizations and military activities. This is because so long as the state organ gives instructions or orders, the legal relations are usually established without any negotiation between the two parties concerned. For example, in a drive to reorganize and streamline the troops, if the relevant military organ orders to break up certain troops, the troops in question must act as required within a set time limit without room for negotiation. As far as military legal relations are concerned, the relevant state organ and the other opposite party forms a relationship in which the latter is affiliated with the former, a relationship between the controller and the controlled, between one who gives orders and the recipient of orders. This is a remarkable

characteristic that differentiates military law from other laws, the civil law in particular.

III. Flexibility

The flexibility of the military law finds expression in two ways. First, the legislative process of most military laws and regulations are not as rigid as the Constitution, the criminal law, and the civil law. In general, if a state organ plans to enact a law, it is expected to put forward the draft first, and submit the draft to higher authorities for examination and approval before it is promulgated. The procedure is extremely stringent. The military laws worked out by state administrative organs or military organs are also required to go through a certain set procedure, but the time needed is shorter, and the procedure is simpler. This is because military administrative activities call for quick action. If the military should go through the same procedure as the state power organ does in enacting a law, it will be difficult to deal with the military administrative affairs effectively and in time. Second, with the requirements of state administration and the change in the situation, most military laws and regulations are constantly enacted, enforced, modified, and revoked. This process, in general, takes shorter time than other laws.

IV. Affiliation

The affiliation of China's military laws has two connotations. First, the State Council and the CPC Central Military Commission enact laws according to the state law. As stipulated in the Constitution, the State Council, and ministries and committees under it are entitled to enact and promulgate standard documents relating to defense and military administration to enforce the Constitution and state laws and exercise their powers. The Constitution does not clearly vest in the CPC Central Military Commission and all general departments, arms and services, and major military regions under it the legislative power, but the CPC Central Military Commission is the party's and state's supreme military organ, and its leadership over the Army means a combination of political and military leadership.

The standard documents it works out is the party's documents as well as the state's standard documents; they are as authoritative as the party's documents, and are provided with legal power. Second, the laws laid down by the State Council, and all ministries and committees under it, and the Central Military Commission and all general departments, arms and services, and major military regions under it, are subordinate to the laws enacted by state legislative bodies. The military laws and regulations or rules worked out by them in light of the Constitution and the state law can only serve as supplements and extensions of the state law rather than go against it.

V. Confidentiality

The confidentiality of military laws means two things: first, a considerable number of military laws are under

no obligation to make their contents known to the public, such as the internal affairs ordinance, discipline ordinance, and formation ordinance. These military laws have nothing to do with the state's military secrets and are only applicable to soldiers, so state organs are not under an obligation to publish them. Second, it is not appropriate to make some military tribunals known to the public. In terms of their contents, these military tribunals are mainly related to national defense, commanding systems for fighting units, establishment and equipment of army units, campaigns, tactics, technical regulations, and so on. In terms of format, military laws are usually promulgated in the form of standard orders, instructions, and resolutions. As they involve the state's military secrets, these military laws shall not be published, and they are only made known to a limited number of people even within the Army.

Article Praises Guangzhou Naval College Training

HK2211135989 Beijing JIEFANGJUN BAO
in Chinese 7 Nov 89 p 3

[Article by Yang Changning (2799 7022 2494): "The Stars of Tomorrow's Navy Will Rise from Here"]

[Text] Through strict selection, a number of fine and seasoned naval airmen became fulltime students of "the class for aviation captains" at Guangzhou Naval College on 1 September 1987. They would further their studies here to become the first generation of new-type captains, who are "capable of flying in the air as well as commanding a vessel at sea." The initiation of "the class for aviation captains" signals the turning of a new page in the nurturing of qualified "future-type" naval commanders.

Aircraft carriers are the offspring of naval battles. During World War II, the aircraft carrier gained control over the air and sea in naval battles; with its unique advantages, it had a great impact on the war. Consequently, tremendous changes took place in the concept of naval battles. Since the beginning of the 1980s, aircraft carriers have become an important national deterrent force, with oceanic nations attaching increasingly great importance to them. Incomplete statistics show that more than 30 aircraft carriers from 9 countries in the world today, including the United States and the USSR, are in active service. China is an oceanic power; along with the march of the republic, the People's Navy has now developed into a service that boasts of surface fleets, submarines, naval airmen, coast guards, and marines. The special mixed formation of the Chinese Navy is now sailing across the blue ocean passing yellow and green waters. With the ocean concept of the Chinese nationals augmented and the development of the national economy, it is inevitable that the Chinese Navy will possess its own aircraft carriers. Future naval battles with aircraft carriers, and the aircraft they carry as the main weapons, will be extensive three-dimensional contentions in the air, on the sea surface, and under the sea. This poses higher requirements on the qualities of naval

commanders. Thus, it is a pressing task to train comprehensive commanders suited to the coordination of sea and air action in future naval battles. Training "future-type" naval people in our military colleges and schools is to suit the strategic change in the guiding concept for army building.

However, there is no precedent in our army for selecting or training new-type captains from among aviators. It will break up the monotonous situation in naval cadres' past knowledge structure, and blaze a new trail for their growth in a scientific way. How should we blaze a new trail that suits the actual conditions of the Chinese Navy? Since school opened, the college has set up a strict system of elimination through selection and arranged a rather difficult curriculum of strict training of the students; they are to complete the basic courses; special technology of vessels, their control and command; and comprehensive tactical commanding; thus they will change from airmen aviators with a single skill to a comprehensive commander characterized by the mingling of the humanities and sciences, the overlapping of several arms, the merger of strategy and tactics, and the capability of conducting coordinative air-sea actions with great adaptability. The Navy is a knowledge-intensive service with a high level of modern technology; therefore, the college authorities have adhered to the educational principle of "laying down a good foundation, developing intelligence, and cultivating abilities," by extensively absorbing the latest results of modern natural sciences, military science and social sciences to substantiate and readjust the curriculum. They have opened some ten courses including electronic computers by proceeding from improving the students' abilities to renovating their knowledge, to create something new to lay down a solid foundation for the future.

The special course on vessels is the first step for the students to master various arms and to become comprehensive commanders. Based on the developmental trends of the contemporary Navy and the needs of new-type vessels in the 1990s, contents of aircraft carriers, aircraft on aircraft carriers, counter-submarine, weaponry and equipment on new-type vessels, have been merged with some ten existing professional courses, including "Physiographical Navigation and Flexibility of Vessels," "Naval Tactics," "Commanding System of Aircraft on Aircraft Carriers," "Military Operation Research," and "Foreign Navies." Thus the students' knowledge scope has been broadened.

The cultivation of comprehensive commanders belongs to systematic engineering. Maritime experiments and flying training are the important links in improving the students' practical ability. Every autumn, the students will return to their airmen units, to participate in flying training for 2 months to guarantee their fine flying ability. At the same time, the students will participate in maritime exercises for a fixed period of time every year, to master the principle, operation, and skill of navigating the vessels, to have a good mastery of the usages of

weaponry and equipment, to observe the telecommunications systems, and operational conduction systems, to eventually complete the change into comprehensive commanders. To guarantee the students' strong physique for flying and at sea, they have to undergo physical training for two periods every day. Training in track and field, swimming, and mechanical exercises maintains and improves their endurance, harmony in action, and lithe movements. The college has also built a modern gym equipped with all kinds of workout equipment. On the basis of absorbing the essentials of traditional body-building, the military sports teaching and research group has opened a course in Chinese qigong and martial arts for the students. To guarantee the students' high level of political quality, the college has always placed systematic political and theoretical study on top priority when conducting strict and arduous training in military skills. They have stressed improving the students' levels of Marxist theory and implementing the party's policies and work hard to bring up soldiers of "four-haves" [si you 0934 2589], who possess lofty revolutionary ideals and devotion to the Navy. In the 2 years since the said class was begun, the students have acquired excellent results with a sense of sacred mission through their hard work and enterprising spirit. This class has been assessed as an advanced unit on several occasions. Now they are advancing with firmer steps along the road to "future-type" commanders.

Economic & Agricultural

Foreign Exchange Certificate Use To Continue

OW3011015389 Beijing XINHUA in English
1616 GMT 29 Nov 89

[Text] Beijing, November 29 (XINHUA)—China will continue to use foreign exchange certificates (FEC), though it has set a new limitation on the redemption of this currency from this month, a government official said here today.

A spokesman for the State Administration of Exchange Control said, "FEC have both positive and negative aspects, but they will continue to be used until a better means is found for their replacement."

China's new rule does not mean abolition of FEC, but improved management and prevention of unauthorized dealing, the spokesman said.

He said that under the new rule, foreign tourists, overseas Chinese and compatriots from Hong Kong, Macao and Taiwan, who come to China for a short stay, will only be able to change 50 percent of the FEC they obtain in exchange for foreign currency on entry into China back into foreign currency when they leave.

He explained that such a practice has also been used in some Eastern European countries, saying, "It is reasonable to make such a limitation because foreign visitors

have to spend FEC in China, but they should only change as much of their foreign currency into FEC as they actually need."

He said that FEC started in China in April 1980, and black market currency dealing has reached serious proportions in the past few years.

Under the new rule, once foreign diplomatic offices or international organizations in China withdraw money in the form of FEC from their banks, the FEC can no longer be changed back into foreign currency. However, employees of the above offices or organizations may change FEC which they have withdrawn from their own accounts back into foreign currency at the rate of 50 percent, but only when they leave China and upon the production of relevant documents.

Nevertheless, the spokesman said that the new rule will not affect profits made by Sino-foreign joint ventures.

Rules Set for Foreign Debt Registration

HK2211013789 Beijing RENMIN RIBAO in Chinese
13 Nov 89 p 2

[XINHUA report: "Detailed Regulations Governing Implementation of the Registration of Foreign Debts (Promulgated by the State Administration of the Exchange Control on 10 November)"]

[Text] Article 1: In order to thoroughly implement "the Tentative Stipulations on the Calculation and Supervision of Foreign Debts" (hereinafter referred to as "the stipulations,") these regulations are made.

Article 2: Foreign debts refer to all the debts borrowed directly from abroad which are supported with foreign currencies and which carry a contractual obligation of repayment. The concrete contents include the following:

1. Loans from international monetary organizations refer to the loans from the International Monetary Fund, the World Bank, the Asian Development Bank, the United Nations Agricultural Development Fund, and other international or regional financial organizations.
2. Loans from foreign governments refer to the official development and aid loans from other governments to our country.
3. Loans from foreign banks and nonbanking financial organizations refer to foreign banks, nonbanking financial organizations, and syndicate organizations.
4. Buyer's credits refer to the export credits extended by foreign banks to the import departments or banks of our country for the purchase of the equipment of an exporting country.
5. Loans from foreign enterprises refer to loans from foreign nonbanking organizations.
6. Bonds issued in foreign currencies refer to the bonds in the money market of a foreign country issued by

organizations in our country whose face values are shown in foreign currencies.

7. Leases from international monetary organizations refer to the financial leases offered by a leasing organization to an organization in our country.

8. Delayed payment refers to the accommodation given by a foreign export firm to an import department in our country with which the importing enterprise will not pay the foreign firm until after three months from the time the goods have been imported.

9. The debts paid directly by spot exchange in compensatory trade refer to the debts, including those that are repaid by the foreign exchange earned from export, that must be paid by spot exchange as stipulated in a compensatory trade contract, or that will be paid by spot exchange as a result of a change from payment by commodity compensation. The change will be approved on the grounds of a special situation.

10. Foreign debts in other forms including the following:

1) Foreign organizations' or individuals' deposits in foreign currencies with financial organizations in our country.

2) The borrowing by enterprises in our country (which include foreign investment enterprises) from foreign banks or joint-venture banks in our country. In addition, the following are considered foreign debts:

1) The debt that has been transferred into our country by various means by an enterprise, which has registered abroad, and that must be repaid by an organization in our country.

2) The foreign debt of a organization established in a foreign country, which has not registered abroad.

3) The debt that must be repaid by an enterprise as stipulated by the contract between a foreign firm and the enterprise or by any other legally binding documents in the case of a foreign investment enterprise which borrows money from abroad in the name of a foreign firm and which uses the borrowed money in the injection of any capital or equipment other than the enterprise's capital stock.

4) The debt that will be paid by a Chinese firm which undertakes to guarantee the repayment of debts for a foreign firm.

5) The debt which a foreign sole proprietor owes to its parent company.

Article 3: The State Administration of Exchange Control and its branches are the departments responsible for the registration and administration of the country's foreign debts (hereinafter referred to as the registration department.) The State Administration of Exchange Control is responsible for the registration of the foreign debts of the State Council's ministries and committees, headquarters

of companies, banks, and nonbanking financial organizations established in Beijing. All local exchange control departments are responsible for the registration of the foreign debts of local governments, financial organizations, enterprise and industrial units, and central units stationed in localities and the headquarters of financial organizations.

The exchange control department in which the sending organization is located is responsible for the borrowings from abroad by an organization stationed abroad, which has not registered abroad.

Article 4: Registration of foreign debts are divided into two categories, namely, detailed registration and periodical registration.

Foreign debts periodically registered refer to the foreign debts borrowed by domestic banks and nonbanking financial organizations, and to the loans from foreign governments and from international monetary organizations borrowed by the Ministry of Finance, the MOF-ERT, the People's Bank of China, the Ministry of Agriculture, and the Bank of China.

Foreign debts registered in detail refer to the foreign debts, excluding those periodically registered, borrowed by all other departments and enterprises in our country (which include foreign investment enterprises).

Should an enterprise or industrial unit entrust a financial organization to borrow money from abroad, the debtor as stipulated in the contract must register.

Article 5: Procedures for periodical registration are as follows:

1. The borrowing unit must register with the local exchange control department within 15 days after the contract for the first installment of money borrowed is signed, and obtain a "registration certificate of foreign debt," which must be periodically registered (hereinafter referred to as the "registration certificate.")

2. Should there be any change in the withdrawal and repayment of the debt under a newly signed contract or of the contract itself, the borrowing unit should fill out the "statement on the situation of a foreign debt contract" and the "statement on the feedback as a result of a change in a foreign debt" (hereinafter referred to as the "feedback statement") each month, and must report to the registration department within the first 5 days of a month.

3. Should a borrowing unit intend to open a special foreign debt spot exchange account (hereinafter referred to as the special foreign debt account), it should do so with a designated bank (hereinafter referred to as the opening bank), attaching the "registration certificate" and the notice of approval of opening an account issued by the registration department, and should send the return slip to the registration department on the following day.

Article 6: Procedures for detailed registration are as follows:

1. A borrowing unit should register its foreign debt with the registration department within 15 days after the contract on the debt is signed, attaching duplicates of the contract and of the license on borrowing foreign loans (foreign investment enterprises do not need to attach this license), and obtain a detailed "registration certificate."

2. Once the borrowed money has been transferred into our country, a borrowing unit should open a special foreign debt account with the opening bank and credit it with the amount, attaching the notice of exchange and the "registration certificate."

3. When a debt is due, the borrowing unit should in advance obtain an approved document on capital and interest repayment, attaching the "registration certificate" and the notice of capital and interest repayment, and then withdraw the capital and interest from the special foreign debt account, attaching the "registration certificate" and the approved document.

4. After withdrawal and payment, the borrowing unit should fill out the "feedback statement" in accordance with the proof of receipt and payment issued by the bank and should send photocopies of the "feedback statement" and the confirmation of deposits to the registration department on the following day.

5. A unit borrowing the spot exchange which is not repatriated and whose capital and interest must be transferred out of the country should fill out the "feedback statement," after the debt becomes real, and send a photocopy of the "feedback statement" to the registration department. When the debt is due, it should open a "special spot exchange account for capital and interest repayment of a foreign debt" (hereinafter referred to as special account for capital and interest repayment) with the bank, and withdraw the capital and interest, attaching the approved document issued by the registration department.

6. A unit which deposits its borrowed money in a foreign country after being approved by the State Administration of Exchange Control or any of its branches should inform the original registration department of the deposit balance of the current month by sending it monthly reports.

7. Should an organization established in our country intend to borrow money from a foreign bank or a joint-venture bank in China, it may not be required to open another account. However, it must register and hand in "feedback statements" in accordance with the relevant regulations.

8. If a borrowing unit which has obtained a "registration certificate" from a local department must open an account with a bank in another place for the repayment of capital and interest, it may obtain the approval of the

registration department in that other place for the repayment of capital and interest, attaching the "registration certificate" issued by the local department. Three days after the opening bank in that other place has completed the formalities, it must send a photocopy of the proof of payment to the original registration department.

Article 7: After the last installment of capital and interest, which is recorded in the "registration certificate," has been paid in full, the opening bank should immediately cancel the "special foreign debt account" and the "account for capital and interest repayment." The borrowing unit should submit its "registration certificate" to the issuing bank for cancellation within 15 days afterwards.

Article 8: An opening bank should have the following prerequisites:

1. Being a domestic bank which has been licensed to operate the foreign exchange business.

2. Being able to monitor the work involved in foreign debts in close coordination with the registration department.

As the business operations may require, it can be a bank designated by the State Administration of Exchange Control or its branches.

Article 9: An opening bank should perform the following duties:

1. It should supervise the use of accounts and should guarantee that the foreign exchange capital in the "special foreign exchange account," or "the special account for capital and interest repayment" which is transferred in, is limited to the amount as recorded in the "registration certificate." The foreign exchange capital transferred in or deposited from another account is limited to the payment of the equipment, labor services, and capital and interest under the loan, or to other purposes as approved by the registration department.

2. Apply for transferring in and repayment of a debt, attaching the "registration certificate" and the approved document, and then send the proof of receipt and payment to the registration department on the following day should they be required.

3. Open the "special foreign debt account" and the "special account for capital and interest repayment" when supervising the detailed registration of the transferring in and the repayment of capital and interest of a foreign debt.

Article 10: Should any party do one of the following acts, the local exchange control department can levy a fine not exceeding three percent of the relevant foreign debt:

1. Do not register intentionally or delay in registering.

2. Refuse to send the "feedback statement" to the exchange control department, or send it with some information concealed or untrue on two occasions or more.

3. Forge or alter the "registration certificate."

4. Open or retain the "special foreign debt account" and "the special account for capital and interest repayment" without authorization, or repay capital and interest without the "special foreign debt account" and "the special account for capital and interest repayment." In this circumstance, the opening bank and the borrower will be punished.

Article 11. Interpretation of these regulations rests with the State Administration of Exchange Control.

Article 12. These regulations will take effect when promulgated.

Central Bank Offers Loans to Joint Ventures

HK2111023689 Beijing CHINA DAILY in English
21 Nov 89 p 2

[By staff reporter Ren Kan: "BOC Offers Loans to Joint Ventures"]

[Text] The Bank of China has decided to help Sino-foreign joint ventures through the cash shortage caused by the current austerity drive by extending them 400 million yuan (\$107 million) during the next five months.

The loans, both medium- and long-term, will be used for capital construction and expansion of hundreds of Sino-foreign joint ventures and co-operative projects, a bank official told CHINA DAILY.

Beneficiaries of the loans include the Guangzhou Peugeot Automobile Co. Ltd, Beijing Jeep Co. Ltd, Guangzhou Pearl River Tunnel C. and Tianjin United Tire and Rubber International Co. Ltd.

China's austerity programme, which was started last year to curb the nation's over-heated economic growth and readjust industrial structure, has begun to affect foreign-invested companies as sales turn sluggish and money supply tightens.

"The money should be used to earn more cash to support more firms, which are waiting for loans," said an official who declined to be named.

A bank specializing in foreign exchange, the Bank of China has supplied 3.5 billion yuan (\$938 million) and \$800 million in hard currency to foreign-invested enterprises in China this year.

However, the bank itself is also affected by the tight credit policy, finding it hard to meet rising loan requests.

The Bank of China is supporting 3,000 foreign-invested firms with 10 different forms of loans to help them develop export production and high-tech products in China.

More than 4,000 new foreign-funded projects were approved during the first nine months this year, adding more borrowers to the bank's credit list.

The situation is causing the bank to limit its lending to those firms that have a big investment in China, large deposits in the bank and the ability to balance foreign exchange earnings and expenditures.

The official said that projects which have the top priority in receiving Bank of China loans include:

- Those who can produce for both international and domestic market demands. Their products can be used as import substitutes;
- Those whose products can expand the overseas market for Chinese exports;
- Those who are involved in the fields of energy, telecommunications, transportation and material industry;
- Large and medium-sized enterprises with export orientation that can earn foreign exchange;

And those in the fields of high technology which can be used to update China's existing industrial facilities.

Banks Report Increased Savings Deposits

Central Bank

HK2411021889 Beijing CHINA DAILY in English
24 Nov 89 p 2

[By staff reporter Qu Yingpu]

[Text] Individual savings in foreign exchange at the Bank of China (BOC) have been rising at a record rate of an average \$69 million a month since July. The bank expects the upturn trend to continue.

BOC had \$1.84 billion in individual deposits by the end of last month, which was \$625 million more than at the end of last year and \$276 million more than at the end of June.

Individual savings in foreign currency at BOC account for 90 percent of China's total, although other major banks and financial institutions, such as the Industrial and Commercial Bank of China, Construction Bank, Agricultural Bank, Communications Bank, and the China International Trust and Investment Corporation, also offer such accounts.

Wang Shaohong, a BOC official in charge of individual foreign exchange accounts, said that political unrest triggered a massive withdrawal of individual foreign-exchange deposits from BOC branches in more than 10 cities in June. Accordingly, the bank lost several million dollars from foreign exchange deposits that month.

However, Wang said, branches in Guangzhou, Beijing and Shanghai, the cities most affected by the turmoil, quickly recovered. By the end of June, \$26.37 million was redeposited at the three branches. In July, he said, BOC saw a big jump of \$60 million in deposits.

The fastest growth came in September, when \$93.4 million in foreign currency was deposited.

Wang said the deposits of U.S. and Hong Kong dollars saw the biggest increase of the six foreign currencies that BOC banks. The other four are British sterling, Japanese yen, West German marks and French francs.

The official offered two major explanations for the rapid growth of foreign currency savings. One is that Chinese citizens have more sources of foreign exchange income than before. The other is that BOC has opened more offices handling such savings.

He said that in addition to foreign currency Chinese bring back from abroad, more Chinese who are working or studying abroad are sending money back to their relatives.

Since 1979, more than 60,000 government-funded and self-supporting students have gone to 76 countries and regions, 38,000 of whom are still abroad.

Another factor, Wang said, is that more Taiwanese are coming to the Chinese mainland following the Taipei authorities' decision last year to loosen restrictions against Taiwanese coming to the mainland.

Wang said BOC has opened many more offices throughout the country to handle foreign currency savings. There are more than 3,000 such stations compared with just over 1,000 at the end of last year.

To maintain its edge over other big banks in the competition for savings depositors, he said, BOC is installing computers and automatic teller machines. So far, the machines have been installed in the bank's Guangzhou, Shenzhen, Foshan, Zhuhai and Beijing branches.

BOC pioneered the individual foreign exchange accounts in July 1984. At the time, only its Beijing, Guangzhou, Tianjin and Shanghai branches accepted the deposits. Within the first four months, only \$5 million in privately-held foreign currency was deposited by fewer than 10,000 savers.

By June 1985, the service was available in 12 major Chinese cities. At the end of the year, BOC started to pay interest on these savings in foreign currency.

In February 1987, BOC further loosened control over these accounts with the bank no longer limiting how much cash can be withdrawn on fixed accounts. Meanwhile, the bank started accounts with French francs, which has been the only currency added between 1984 and the present to the original five foreign money. [sentence as published]

It also began the service of current accounts.

"This has enforced our sense of responsibility for our customers," he said. "And it has contributed to the sharp growth of private foreign currency deposits this year."

Industrial and Commercial Bank

HK1811064089 Beijing CHINA DAILY in English
18 Nov 89 p 2

["Special to CHINA DAILY" by Hu Yahui]

[Text] Savings deposited in the country's biggest specialized bank have increased since May this year.

According to the Industrial and Commercial Bank of China, savings by urban residents topped 224.1 billion yuan (\$60.24 billion) by the end of last month.

From January to October, savings deposits increased by 43.4 billion yuan (\$11.7 billion).

Sluggish retail sales, dropping market prices and raised bank interest rates are the major factors making urban citizens increase their savings.

This provides the bank with an abundant source of funds and is important to further stabilizing the market and controlling price increases, a bank spokesman said.

According to a survey conducted by the bank, the public favours interest on savings tied to the inflation rate.

Statistics show that 83.1 per cent of the newly-increased savings accounts result from this policy.

At the same time, the bank also marketed its services in order to attract more savings, such as going door to door to encourage people to bank their savings.

Total Deposits

HK2511023489 Beijing CHINA DAILY in English
25 Nov 89 p 2

[By staff reporter Xie Songxin]

[Text] Chinese banks received total savings deposits of 35.54 billion yuan (\$9.6 billion) during the third quarter of this year.

The figure, which was nearly 30 billion yuan (\$8 billion) more than during the same period of last year, brought the total savings deposits to nearly 100 billion yuan (\$27 billion) by the end of September, the Beijing-based FINANCIAL NEWS reported, with the authorization of the People's Bank of China to publish the central bank's credit statistics for the third quarter.

The \$27 billion in savings deposits was \$2.4 billion yuan (\$14 billion) more than the total during the first three quarters of last year.

Sluggish retail sales and a low retail price increase rate of 7.6 percent during first three quarters (over the same

period of last year) are attracting both rural and urban Chinese to put their savings into banks where interests are high.

Chinese banks have pegged interest payments to inflation rates for deposits of three or more years.

With this incentive, Chinese have begun to save money instead of buying consumer goods in order to protect the value of their savings.

However, limited spending by consumers and the Chinese psychology about retail sales also forced up savings deposits, analysts said.

Most Chinese people invest their savings only to buy expensive consumer goods, such as household electronic goods and furniture. Investment in real estate and securities are limited since few houses are for sale, and these few are at high prices, and the money market is not developed in China.

Chinese consumers usually rush to buy goods when prices are rising. A typical example of this occurred last year when people rushed to withdraw their savings deposits from the bank and used them to buy out stockpiles of most stores because they were worried that the incessant price increases would mean a devaluation of money.

They usually take a wait-and-see approach in spending when prices are low and keep dropping.

Analysts are warning that the \$27 billion in savings deposits represents a formidable purchasing potential that could crash the market again if any slight market change affects the psychology of consumers.

"Another bank run and buying rush could occur if the market is not well run," said He Minglun, president of the Beijing Institute of Commerce.

The slump market "doesn't mean we have too many goods to sell," he said. "It's the psychology. There is still a big gap between overall supply and demand."

He estimated the gap at between 40 billion to 50 billion yuan (\$10.7 billion to \$13.4 billion).

Another potential trouble is that the weak retail sales, added to the present austerity programme, has affected Chinese industry, especially light and textile industries.

Their warehouses stockpiled with products many factories are having difficulties running at a normal production level.

The industrial growth rate declined by 2.1 percent in October from last October's level.

Experts worry that the current situation may make it difficult to narrow the supply-demand gap and, furthermore, to keep the market stable if consumers rush to stores.

Meanwhile, credit tightened during the third quarter, the FINANCIAL NEWS reported.

Total bank loans were about 39 billion yuan (\$10.4 billion) during the third quarter and 60 billion yuan (\$16.1 billion) during the first nine months of this year.

The 60 billion was only 37.6 percent of this year's projected amount of bank loans.

Statistics Bureau Quantifies Austerity

OW1811203089 Beijing XINHUA in English
1225 GMT 18 Nov 89

[Text] Beijing, November 18 (XINHUA)—The nationwide austerity program has brought general demand under control but has also led to a drop in industrial production, the State Statistical Bureau announced here today.

A bureau official said total investment for fixed assets in state-owned enterprises totalled 18.7 billion yuan (about five billion U.S. dollars) in October, 17.6 percent lower than that in the same period last year.

The past 10 months saw a drop of 10.3 percent in investment at a year-to-year level; it stood at 131 billion yuan (about 30.5 billion U.S. dollars).

Meanwhile, the structure of industrial production further improved last month with increases of 6 to 10 percent in most basic industrial products, including coal, electricity, steel, rolled steel, nonferrous metals and sulphuric acid.

The official said the steady recovery of basic industrial production is a remarkable success of the one-year-old austerity program.

However, the economic results of businesses declined in the past 10 months, which saw a drop of 17.7 percent in profits made by state-owned industrial enterprises.

The official said the economic losses made by enterprises have doubled and more products have accumulated.

The industrial output of the whole nation in October dropped to 105.8 billion yuan (about 28.5 billion U.S. dollars), or by 2.1 percent compared with the figure for the same period last year.

Production decreases were registered not only in heavy industry but also in light industry, not only in state-owned enterprises but also in collective factories.

The official said the negative growth of production is the result of the overheated economy and excessive social demands of the past few years.

The bureau called for continuous efforts with both the austerity program and the improvement of economic results.

It called for efforts to do a good job in purchasing farm and sideline products and to increase the rural purchasing power and further enliven the rural market, the official said.

Commerce departments should ensure the supply of daily necessities to the domestic market while expanding export and proper preparation should be made for next year's production, especially the production plans and technical revamp of industrial enterprises, the official said.

Article Discusses Retrenchment Aims, Measures

OW2911122889 Beijing GUANGMING RIBAO
in Chinese 11 Nov 89, p 3

["On the Objectives of, and the Measures for Improving, the Economic Environment and Rectifying Economic Order: by the group in charge of 'Problems of Improving the Economic Environment and Rectifying Economic Order' of the Institute of Industrial Economics of the Chinese Academy of Social Sciences; Responsible Persons: Chen Jiagui (7115 0163 6311) and Lu Zheng (0712 2398); Writer: Lu Zheng (0712 2398)"]

[Text] The central authority's decision to implement the policy of improving the economic environment and rectifying economic order has been going on for a year. One can confirm that the implementation of this policy is yielding results. This can be seen in three areas: namely that the overheated economy has been brought under control, the trend of acute inflation has been checked, and confusion in the realm of circulation has improved. However, the improvement of the past year is only a beginning. The origin of various problems plaguing production remains unsolved, and the inherent contradictions of economic relations and mechanisms have not been tackled. Therefore, the task of improving the economic environment and rectifying economic order is still formidable.

The Main Aims of Improving the Economic Environment and Rectifying Economic Order

Improving the economic environment and rectifying economic order is an unconventional measure during the process of economic reform and development. Actually, it is taken to correct the serious errors which have cropped up during economic work in the past few years, and to pave the way for future economic reform and development. Therefore, the aims of improving the economic environment and rectifying economic order should stress the most prominent problems in economic life that seriously affect the overall situation. The selection of these aims should be limited to those which can be accomplished in the short term. We believe that the most important aim of improving the economic environment and rectifying economic order should be easing the problem of acute inflation, because it is a general reflection of all the contradictions in economic management and development. For example, some of these contradictions are the overheated economy, total demand

exceeding total supply, constant annual budget deficits, deterioration of the economic structure, diminishing economic returns, and confusion of economic order in the realm of circulation. In addition, acute inflation will lead to and aggravate all kinds of social contradictions. Therefore, the main aim of easing the problem of inflation during the improvement in the economic environment and rectification of economic order is to solve the present salient contradictions in China's socioeconomic life. All measures for improving the economic environment and rectifying economic order must focus on the fight against inflation.

To deal with acute inflation, we must determine an overall objective. According to calculation by the relevant departments, commodity prices for the whole of 1989 will rise by an average of 20 percent. We must strive to reduce this increase to 15 percent in 1990, and 10 percent in 1991. The inflation rate should be reduced to single digits. Of this, the part of inflation caused by money supply should be kept below 5 percent. The rest should be due to adjustment in the price structure. If we can achieve this objective within the next 2 or 3 years, then the aim of improving the economic environment and rectifying economic order has been generally fulfilled.

Of course, improving the economic environment and rectifying economic order is also a major economic adjustment and includes adjusting the unbalanced economic structure and the irrational benefits distribution pattern. In recent years, there has been an inclination in the industrial structure to invest too much in the processing industry, resulting in the acute underdevelopment of basic industry. In the distribution of benefits, there has been an improper trend of favoring the local authorities and enterprises. This has weakened the capability of the central authority to accumulate and exert macroeconomic control over the national economy. On the other hand, in the distribution of income in various social strata, the income of operators in the tertiary industry and private economy is excessively high. By comparison, the income of industrial workers and public servants has dropped, leading to unfair social distribution. These problems must be resolved during the process of improving the economic environment and rectifying economic order. But the fundamental solution to these problems lies in correcting the strategy of China's economic development, and conducting a major overhaul with the mechanisms of economic operation. These tasks cannot be accomplished over a short period through improving the economic environment and rectifying economic order.

In particular, the difficulty in adjusting the industrial structure is even greater. This is because the current adjustment is clearly different from that in the early 1980's. The main objective of the previous adjustment was to raise the proportion of consumption funds in the distribution of the national income, to slow down the growth rate of heavy industry, to speed up the development of the light and textile industries, and to switch the

industrial structure from heavy to light industry. Thus, the investment required was less, production came off the line quicker, and the turnover was faster. The main objective of the present adjustment is to focus on basic industry, such as energy, raw materials, communications, and transportation, and to curtail the blind expansion into the processing industry to get rid of the "bottleneck" in economic development. In definite terms, this adjustment of the economic structure aims at switching from light to heavy industry. The investment required will be enormous. A longer period will be needed to recover the layout, and results can only appear after a long time. So, during the period of improving the economic environment and rectifying economic order, we can only improve the economic structure. After the basic task of improving the economic environment and rectifying economic order is fulfilled, we still need to gradually correct the industrial structure.

The Basic Measures For Improving the Economic Environment and Rectifying Economic Order

1. Reining in the Overheated Economy While Maintaining Steady Economic Growth

China's overheated economy is manifested in three areas: First, the excessive expansion of the processing industry which outstrips the supply capacity of basic industry, such as agriculture, energy, raw materials, communications, and transportation; second, excessive investment in fixed assets; and third, the swelling of consumption funds. This led to an imbalance in the national economy, as well as acute inflation. After a year of retrenchment, the overheated economy has generally been brought under control. In particular, the rate of industrial growth has declined sharply.

Although it is impossible to have too high an industrial growth in China, it is equally bad if growth is too slow, because the gap between supply and demand will be further aggravated. We believe that the policy of retrenchment must be adhered to and that special treatment must be accorded during its implementation. Large and medium enterprises that can raise effective social supply and state revenue should be spared and given appropriate financial support. During the period of improving the economic environment and rectifying economic order, China should maintain its industrial growth at 7 percent, and strive for 8 percent. The growth of total agricultural output value should be 3 percent, with an aim of 4 percent. Based on the calculation of 8 and 4 percent growth rate, respectively, for industry and agriculture, the average annual growth rate for total industrial and agricultural output value from 1989 to 1991 should approach 7 percent. Only in this way can we ensure that the national income will increase by an average of 5 percent annually. Each year, an average of 15 billion yuan of the increased national income will be offset by population growth. The remaining more than 40 billion yuan will equal to about 60 percent of the annual amount required to repay domestic and foreign debts. Therefore, during the period of improving the

economic environment and rectifying the economic order, we must ensure that the national economy maintains a fixed growth rate.

2. Controlling Demand and Increasing Supply

To control demand, we must, first, continue to adhere to the policy of retrenchment. In addition to focusing on communications, transportation, energy, raw materials, and agriculture, we must increase investment in technical renovation and transformation in existing enterprises. Regarding new projects for the processing industry, during the next 3 years, we must, in principle, either stop or reduce them. The growth of consumption funds must relate to the growth in national income. It is estimated that, during the period of improving the economic environment and rectifying economic order, the per capita income in China will increase between 3.5 and 4 percent. Therefore, the actual average growth rate of expendable income should be less than 3.5 percent.

To eradicate inflation, which is more important, we must control the floodgate of money supply. To this end, we must stabilize the currency, effectively control money supply, and make it the principal goal of our policy. Bank overdrafts to make up deficits are not permitted. At the same time, we must study the relationship between money supply on the one hand and economic growth and people's savings deposits on the other and, on this basis, work out a criterion for controlling and regulating the money supply.

In increasing supply, we should start with the following three areas:

First, we must increase the supply of energy and raw materials. In the short run, we must rely mainly on tapping the potential of energy enterprises to increase energy production. As for the supply of steel products, aluminum, and other metals, we should try to increase it by, first, ensuring that the production capacity of these enterprises is fully utilized.

Second, we must maintain a certain growth rate in the light and textile industries. The policy of immediately shifting massive resources to basic industries at the expense of the growth of the light and textile industries is not recommended. Given the existing gaps between market supply and demand, a certain growth rate in the light and textile industries will help relieve inflation pressure. Therefore, to increase effective supply, we should focus our attention only on increasing upstream products.

Third, we must increase the supply of chemical fertilizer, diesel, plastic sheeting, and other agricultural means of production, and keep their prices under control. Although the proportion of these supplies is not large, they have a bearing on overall agricultural production. If agricultural production grows steadily, then it will be possible to stabilize the prices of farm and sideline products in urban and rural areas.

3. Improving the Industrial Structure

Our goal during the period of improvement and rectification can only be improving the industrial structure. A greater readjustment of the industrial structure is out of the question. The principal measures for improving industrial structures are:

1) Those backward enterprises consuming too much raw material, but yielding poor economic returns, should be ordered to close down, suspend operations, amalgamate with others, or switch to the manufacture of other products. Local governments, in particular, must boldly abandon those burdens. It would be hard to ensure a comprehensive and coordinated development without making these sacrifices.

2) Readjusting the organizational structure of industry, as it is an important part of the structural readjustment of industrial departments. Over the past few years, the organizational structure of our industry has universally deteriorated. As a result of the changes from unified to pluralistic investment and contradictions of local interests, economies of scale and coordination among specialized departments have been neglected in the construction of new projects. This violates the law requiring concentration of production in the development of modern industries. The decentralization of organizational structure has directly affected the qualitative changes of the industrial departments. Therefore, solving the problems of coordination among specialized departments and economies of scale will be conducive to improving of the structure of industrial departments.

3) Regarding rural enterprises, we should implement a policy of exercising strict control, differentiating between enterprises with varying capabilities, supporting efficient ones, eliminating the inefficient, and appropriately concentrating resources. First, it is necessary to control the scale of development. In the next few years, no new projects should be launched in principle. As for the existing ones, we must be selective in providing support. We must provide support to those efficient enterprises meeting the requirements of the state industrial policy. The layout of rural enterprises should be appropriately concentrated in rural economic and cultural centers, such as villages and townships. This will help improve the situation of indiscriminate use of arable lands, minimize pollution, economize on investment in infrastructure, stimulate the development of service trades in the countryside, and speed up the development of small cities and towns.

Improving the Economic Environment, Rectifying Economic Order, and Deepening Reform.

The orientation of reform over the past 10 years, aimed at increasing the vitality of enterprises and expanding the role of market mechanism, was correct. The problem is that, while stressing the microinterest mechanism, we have overlooked the regulatory mechanism for micro-economic activity. While expanding, both in scope and depth, the market mechanism in economic operations,

we have failed to develop a corresponding system of macroeconomic regulation and control. As a result, two kinds of market, one operating within the plan and the other outside it, have emerged and coexist; the traditional planning mechanism has been functioning alongside the irregular market mechanism. Consequently, the irregular market economy has nibbled at, and squeezed out, the planned market, and has led to abnormal economic growth, economic chaos, and deterioration of the economic structure. For this reason, we must integrate the improvement of the economic environment and the rectification of economic order with the deepening of reform. In the short run, the focus of reform should be on solving the question of enterprises' regulatory mechanism (including self-regulation and macroregulation) and establishing a system of macroeconomic regulation and control. During the period of improvement and rectification, we may try out reforms in the following four areas:

1) Differentiate between the state's revenues from taxes and revenues accrued through the appreciation of its assets, and change the current situation in which the state is responsible for both taxes and profits. Start to collect fees for use of state assets and see to it that ownership and management are separated under the precondition that state ownership is upheld.

2) Reform the investment system and improve measures for implementing the industrial policy. In recent years, China's industrial organization and structure have deteriorated. Many overlapping and "small, but self-contained" projects have been started here and there, greatly harming their economy of scale. To put an end to this situation, we must reform the investment structure and change the system of dividing the jurisdiction of governments at various levels over investment on the basis of the amount of investment. Regarding all new projects and major renovations of existing projects, the state competent department should set the starting scale and technical standards; departments charged with overall responsibilities and banks should examine the projects in accordance with the state-set standards and decide whether to provide loans. Meanwhile, it is necessary to draft an industrial investment law suitable to the investment standards. As for unauthorized new projects not meeting state standards, punishment must be meted out for breaches of the Investment Law.

3) Gradually reform the employment system and improve the mechanism of labor employment. The reason we have failed to utilize our advantage in labor forces is that we have not yet substantially reformed the "iron rice bowl" employment system. For jobless people waiting for their luck at home and workers idling away their time in enterprises or institutions, it is better to create pressure by allowing people to lose their jobs and develop a mechanism of job competition. Certainly, ours is a socialist system and we must never practice a policy of starvation. Rather, we should develop an effective social security system.

4) Improve the social welfare system and give priority to housing system reform. The two most important welfare programs for our country's workers are housing and medical services. They constitute a heavy burden for the state treasury and enterprises and have given rise to abnormal consumption. From 1979 to the present, state-owned units have spent nearly 1 trillion yuan to build nearly 1 billion square meters of housing. However, because of the existing housing system, this huge sum cannot be reused to expand social production. For this reason, reforming the housing system will have a tremendous positive impact on improving the state financial situation, eliminating inflation, readjusting the consumption pattern and the industrial structure, and redressing such social and economic problems as unhealthy practices.

Article Views Contracts, Enterprise Management

HK2911112089 Beijing QIUSHI in Chinese No 21,
1 Nov 89 pp 41-44

[Article by Lin Ling (2651 0407) of Sichuan Provincial Academy of Social Sciences: "An Important Issue in Contracted Management of Enterprises"]

[Text] The enterprise contracted management responsibility system has been popularized in the majority of enterprises in our country, and great achievements have been made in this regard. According to a survey made by the relevant departments, about 20 percent of the contracts executed by our state-owned medium and large enterprises will expire this year, and in 1990 the contract periods of the majority of our enterprises will also expire. I believe that before a more appropriate method is devised for handling relations between the state and enterprises, the continuation of the implementation of the contracted management responsibility system in the majority of our enterprises may, after all, be accepted as a feasible option. However, the contracted management responsibility system must be improved and developed. Here, I would only like to express my views on a question connected with the improvement of the system: namely, the status and role of enterprise workers and staff members in the contract system.

The enterprise contracted management responsibility system is based on the theories that ownership power and operational power of the state-owned enterprises can be separated. The separation between ownership power and operational power will inevitably give rise to the question of who is the owner and who is the operator. In the meantime, the implementation of contracted management responsibility system will inevitably demand us to determine who is the contracting party and who is the contracted party. According to our general rule, the state is the owner, whereas our enterprises are operators. The state is the contracting party, whereas our enterprises are contracted parties. It is, of course, not wrong to say so. However, the state and enterprises are, after all, abstract concepts. The state is composed of the people's congresses at all levels, governments at all levels, numerous

government departments, courts, procuratorates, army, police, and so on. Who represents the state? Who contracts the projects to enterprises? To enterprises, all these questions must be specified. Otherwise, the "absence" [que wei 4972 0143] of the owner, or the multiple owners might occur. An enterprise is composed of laborers, means of production, management system headed by factory manager, and so on. It is important for the state to determine who is the operator and who is the contracted party. Is the contracted party the collective laborers including factory manager, or the factory manager as an individual? Is it a operating group headed by the factory manager? The state must clarify these questions. If the operating body is wrongly determined, adverse effects will occur.

Regarding the first question of who represents the owner, it is comparatively easy to answer it under the existing system. Under the existing system, each and every enterprise must have a government department which acts as its "mother-in-law." This is what we generally call the responsible department which governs the enterprise. Therefore, this department is the only natural owner—the representative of the state. However, due to the fact that enterprise contracted management responsibility system mainly involves relations of the distribution of interests between the state and enterprises, a financial department which is on the same grade as the responsible department that governs the enterprise has also become the owner—the representative of the state. It is precisely because of this fact that under the present enterprise contracted management responsibility system most of the contracting parties are composed of responsible departments which govern the enterprises and financial departments on the same grade. Contracts are also signed by them. Under the present conditions, this method can yet be regarded as a feasible pattern. However, in some places, apart from responsible departments and financial departments on the same grade, planning commissions, economic commissions, and other administrative departments responsible for tax, labor, commodity prices, industry and commerce, and so on have also become owners—the representatives of the state. As contracting parties, they sign contracts with enterprises. This simply ruins the effect by adding something superfluous. Fundamentally speaking, this pattern is still of a transitional nature. We know that in accordance with traditional theories and economic systems, when a socialist country governs its state-owned enterprises, it has the "three kinds of power," which are inseparable, in hand. These three kinds of power are ownership power of means of production, operational and management power of enterprises, and macroscopic economic management power as a function of state power. However, when a socialist country administers an enterprise which is not owned by the state, it has only one power: namely macroscopic economic management power as a function of the state power. For this reason, the state-owned enterprises cannot but become appendages of the state administrative organs, which lose their independence and initiative. Now it is perfectly right for us to separate

ownership power from operational power. However, our ownership power is still linked with our macroscopic economic management power as a function of the state power. If these two kinds of power are not separated, the responsible departments which govern enterprises might possibly rely on functions of the state power and use coercive administrative means to exercise the ownership power, and to interfere in the regular production and operational activities of the enterprises. This will lead to the existence of the separation between ownership power and operational power in name only. Therefore, in the course of improving and developing enterprise contracted management responsibility system, we must actively promote systematic reform in this regard. In other words, we should separate the administrative power of the state-owned assets from government functions. We should also establish administrative bureaus responsible for managing state-owned assets which are independent organs and exercise the functions of managing and using the state-owned assets. Enterprises must pay their tax to the tax departments of the government. Fees for possession and use of the state-owned assets and profits must be submitted to the administrative bureaus responsible for managing state-owned assets. Administrative bureaus responsible for managing state-owned assets and their subsidiary organs as representatives of the state, and contracting parties can sign contracts with enterprises. The responsible departments governing enterprises and other government departments must become unitary macroscopic economic management organs which exercise the functions of state power that override all forms of ownership.

Due to the fact that people have not reached identical opinions on the question of who is the operator, at present three different views have, at least, existed on this question. First, the factory manager is the operator. Second, the administrative group which is headed by factory manager and includes deputy factory managers is the operator. Third, the collective laborers in an enterprise (including factory manager) are the operator, and the factory manager is the representative of the operator. Owing to the existence of these three views, there are three kinds of patterns regarding the contracts signed between the state and enterprises. First, contracts signed between a factory manager as an individual and the state. Second, contracts signed between an administrative group headed by a factory manager and the state. Third, contracts signed between the collective laborers in an enterprise represented by the factory manager and the state. There are several methods for bringing about factory managers. Most of them are appointed by the state. Some are recruited. Some are elected by the representative assembly of workers and staff members in enterprises and are appointed by the state after the election. Which views and methods are correct? Are they all correct? I believe that this is a principled question concerning the implementation of the contract system, which should be conscientiously discussed and solved.

Here, what we should, first of all, define is the status of laborers in enterprises under the socialist state ownership system. I believe that socialist and capitalist enterprises have points in common, but they are also essentially different. Apart from the differences in the ownership and distribution systems, one of the essential differences lies in the different status of the laborers in enterprises. In capitalist enterprises based on private ownership, means of production as capital is the subject [zhu ti 0031 7555], whereas laborers are the object [ke ti 1356 7555]. Relations between them are characterized by the following: Capital governs labor, and capitalists and their agents are the masters of the enterprises. Laborers are in a state of being hired and exploited. In socialist enterprises based on public ownership, laborers are the subject, whereas means of production are the object. Their relations are characterized by the following: laborers directly (in enterprises under the collective system) or indirectly (in state-owned enterprises) govern means of production, and are the masters of their enterprises. Such differences are a fundamental point demonstrating the superiority of socialism over capitalism. One of our missions for carrying out enterprise reform is to truly establish the status of laborers who are the masters of their enterprises, and to ensure that laborers can govern means of production. Just as the "Decision on Economic Structural Reform" adopted by the 3d Plenary Session of the 12th CPC Central Committee has pointed out: "We should resolutely ensure that our workers and staff members are real masters of their enterprises and can work as such at their jobs. This will arouse their deep interest in the operation and effectiveness of their enterprises, so that their performance is closely linked with their social prestige and material benefits."

All these inferences have very accurately shown that in our socialist enterprises the collective laborers are naturally the subject. Therefore, in the course of implementing enterprise contracted management responsibility system, when the state contracts certain projects to enterprises, this means that the collective laborers in enterprises, who are the master of their enterprises, must fulfill their obligations and duties to the owner—the state (namely, the so-called all-personnel contract system). In the meantime, they can enjoy their legitimate rights and interests. Here, the collective laborers are the true operators. The so-called independent operation of enterprises and the system of assuming sole responsibility for their own profits or losses refer to the collective laborers in enterprises. But a problem has again occurred here. In other words, important policy decisions for production and operations of enterprises must be collectively made by the laborers. If we want them to fulfill their obligations and duties without letting them make important policy decisions, this means that their rights do not conform with their duties. This actually means weakening and negating the main role and status of the collective of laborers in enterprises.

People might ask: Does this not mean negating the role of factory managers, so that nobody assumes responsibility in enterprises? My answer is: The collective laborers in enterprises carry out business operations and make important policy decisions. This does not mean that everyone in an enterprise with 1,000 or 10,000 workers must all directly participate in operation and decisionmaking. What I like to stress is that through its elected representative organ—representative assembly of workers and staff members—the collective laborers exercise their policy decisionmaking power. The representatives of the assembly, namely the representatives of enterprise operators, exercise operational power. This has actually demonstrated democratic centralism inside enterprises. Instead of weakening the role of factory managers, this system will enable us to strengthen their role and to overcome the situation that nobody assumes responsibility in enterprises.

I have mentioned above that a factory manager should be the operator of an enterprise—the representative of the collective laborers. I would like to further explain this issue here. We know that collective laborers in enterprises are composed of physical laborers and mental workers. Specifically speaking, they are composed of workers, engineering and technical personnel, management personnel, and factory managers. In a socialist enterprise, the factory manager is neither a boss of a capitalist enterprise nor an agent of capitalists. Like other workers, he is a member of the collective laborers. He is also the master of his enterprise. We must be clear about this. However, due to the following reasons, he assumes a special status in his enterprise. His relations with other laborers bear the following three characteristics: First, together with other laborers, a factory manager possesses and uses the state-owned means of production. They work together in accordance with division of labor and promote their equal and comradely relations, as they are the masters of their own enterprise. Second, a factory manager is elected by other laborers and appointed by the state. As an operator of his enterprise, a representative of the collective laborers, and a legal entity, he exercises operational power on behalf of the collective laborers. He must be responsible for the owner—the state. Third, due to the fact that a concentrated and unified command is needed by the modernized and socialized mass production, relations between a factory manager and other laborers are relations between a person who exercises leadership and persons who are led. The unity of these three kinds of relations has demonstrated the major characteristics of the leadership system of the socialist enterprises: namely, the unity between factory director's responsibility system and workers' position as masters of their enterprise. One viewpoint holds that factory managers and other laborers belong to two different strata and two different groups of interests. Factory managers belong to the "stratum of entrepreneurs," or the "stratum of operators." People who hold such a viewpoint maintain that the interests of such a stratum "must be separated from the interests of workers and staff members in

general, so that an independent group of interests can be formed." (Footnote 1) (JINGJI YANJIU, No 3, 1987, p 13) "It is only when workers obey the command of their factory manager can the situation in the factory be changed." "Changing the views of workers on the operator (factory manager) is an issue of primary importance." (Footnote 2) ("Advocating Socialist Competition," JINGJI CANKAO, 4 June 1987) Such a viewpoint has theoretically negated the characteristics of the socialist enterprises that factory managers and other laborers are the masters of their own enterprises. Separating factory managers from the collective laborers so that they become the subject of enterprises and members of an independent group of interests which conflicts with other laborers has obviously deviated from the fundamental principle of the socialist system. If enterprise contracted management responsibility system is established on the basis of such a viewpoint, the fact that a factory manager, or an operating group headed by a factory manager, assumes sole responsibility for profits and losses can only exist in name only. It does not exist in reality. Under such a system, if the enterprise is successfully run, it is true that other laborers are benefited. However, a factory manager, or the operating group headed by him, can get more. If the enterprise suffers losses, the losses of the factory manager, or the operating group headed by him, are only 10 percent or so of their salaries in a sum of several thousand yuan. However, other laborers who are not involved in policy-making and operation, but only provide service for the factory manager, or the operating group headed by him, suffer greater losses. The losses of the state are even much greater. It is difficult for other laborers in the enterprise to accept such a fact. It is therefore difficult to arouse the enthusiasm, wisdom, and creativity—the sources of the vitality and vigor of enterprises.

Theories and practice mentioned above have told us that the existing contracted management responsibility system must be improved and developed in accordance with the idea that the collective laborers in an enterprise, including their factory manager, are the true operators, and that the role of the factory manager must be integrated with the enthusiasm of other laborers. The benefits of the business operation must be commonly shared by the collective laborers and factory manager, and the risk of suffering losses must also be taken by them together. In this way, an enterprise will become a community whose political, economic, and social interests are closely linked.

Does this mean that we negate the importance of vigorously bringing up socialist entrepreneurs and allowing them to play their role? The answer is no. Entrepreneurs are a product of the commodity economy when it has developed to a certain stage. During the early period of capitalist development, enterprises were directly run by their owners and the family members of the owners. The owners were the operators. Since the occurrence of the joint-stock companies, capitalist commodity economy has developed by leaps and bounds. In the meantime,

owners can no longer directly operate their enterprises. Therefore, ownership power is separated from operating power. Entrepreneurs who are specially engaged in operating enterprises and employed by the capitalists emerge. Entrepreneurs are qualified personnel who possess capability in management, administration, and leadership skills. With the development and modernization of science and technology, they play an increasingly greater role in rationally making use of capital, in directly tuning science and technology into productive forces, and in promoting modern management. In the meantime, the role of other people who are engaged in management, and in operating complicated modern machines and facilities, has also become increasingly important. Therefore, in some developed capitalist countries, entrepreneurs attach importance to workers' participation in the management of enterprises and their role in policy making. Here, although the status of workers being employed has remained unchanged, capital has increased because of this. We are carrying out socialist modernization and developing our planned commodity economy. We also need many socialist entrepreneurs. But, unlike capitalist entrepreneurs, our entrepreneurs are members of the collective laborers. Like other laborers, they are the masters of their enterprises. In the meantime, they are the outstanding members of the collective laborers. To me, a socialist entrepreneur must possess the following qualities: First, he must have the greatest ideological concept of socialism. Second, he must be perfectly familiar with the technology and management skills of his trade. Third, he must have capability in making policy decisions, in organizing things, and in giving commands. Fourth, he must be good at carrying out production and operational activities in accordance with the law governing socialist planned commodity economy. Fifth, he must be the most capable of discharging, on behalf of laborers in their enterprises, the duties and tasks assigned by the owner—the state. Sixth, he must be the most capable of representing the will and interests of all laborers. Seventh, he must be the most capable of relying on and giving play to the enthusiasm, wisdom, and creativity of all laborers. What should be particularly stressed here is that socialist entrepreneurs must take root among the collective laborers. They are most capable of relying on the collective laborers and of representing their fundamental and specific interests. They must never separate themselves from the collective laborers, or sit back. They must never make arbitrary decisions and take peremptory actions or use an imperious style of work or seek private gains. All these have demonstrated fundamental differences between socialist and capitalist entrepreneurs.

Commentary Views 'Vassal Economy' in Localities

HK2511081789 Beijing JINGJI RIBAO in Chinese
11 Nov 89 p 2

["Weekly Commentary" by Wang Jinjia (3769 6855 1367): "On Local Right To Make Decisions and the 'Vassal Economy'"]

[Text] The local right to make decisions has expanded since reform. This has promoted the role of giving play to the initiatives of local governments and their economic development by suiting measures to local conditions, based on the actual conditions of the natural resources and other aspects in various places. Practice has also shown that this has been an effective measure. However, when "conceding interests and delegating power" to localities, it is necessary to guard against shaping a "vassal economy." That is, the tendency for various localities to one-sidedly stress their own partial interests and disregard the interests of the state and the whole situation.

Putting the problem this way today is no longer a matter of entertaining imaginary fears. Signs of an emerging "vassal economy" have surfaced in many places over the past 2 years. Some localities would vie to do things so long as they were favorable to themselves, regardless of policy and their conditions. For example, the mushrooming of "small-type tobacco factories, wineries, and cotton mills," and "small-type electroplating works, metallurgical works, and indigenous coking coal mines," which promise serious pollution, continue to stubbornly subsist and develop despite repeated central orders to ban them. Some places rely on their advantage of "being in a favored position" to rush to purchase raw materials everywhere, regardless of central policy stipulations; as a result, some state-run large and medium enterprises had to suspend production through shortage of raw materials, while locality-run small cotton mills, tobacco factories, and wineries had their raw materials lying idle and their warehouses filled to the brim. Other localities have implemented regional protectionism and pursued artificial economic blockades. Especially where raw materials and products which concern the national plan and people's livelihood are involved, they always kept more than sufficient volume for themselves, with the remainder going to the national plan. Still other localities adopted a pragmatic attitude toward the policies or decisions by their superiors and implemented those favorable to themselves. They neglected or were inflexible in implementing those policies or decisions that were unfavorable or less favorable to them. Particularly in the course of improving the economic environment and rectifying the economic order, the central government proposed to reduce the investment scope and overheated speed, but some localities talked about the objective conditions and found grounds to refuse cut-backs under the pretext of proceeding from the actual conditions. Or else they axed shadow projects in a perfunctory manner. All this is, in essence, is turning the local economy into a "vassal economy" which aims to deviate from the control of the national plan and has greatly endangered the entire national economy.

Both objective and subjective causes account for the surfacing of such signs of a "vassal economy." Objectively speaking, there were some mistakes in the relevant central policies and weak macrocontrol. In addition, there was lack of completion, imperfection, and failure

in forming a whole range of rules and regulations. There is also a lack of necessary restrictions over localities and enterprises. Subjectively speaking, many comrades lack the concept of the interests of the whole situation and have failed to properly handle the relationship between partial interests and those of the whole situation.

In handling the relations between the central authorities and localities the author believes that the following are the most important:

1. It is necessary to properly handle the relationship between "national teams" and "local teams." Here, "national teams" refer to state-run large and medium enterprises, and "local teams" to state-run, collective, and individual economies in localities. Although their relationship is not that between leader and subordinate, there are differences between them in their functions and roles; namely, the major and minor aspects. It is a universal law to resolve contradiction by guaranteeing key projects from non-key projects and guaranteeing the major aspects from minor aspects. With such an understanding, local economies should support and guarantee the development of large and medium state-run enterprises. Especially in areas where the distribution of large and medium state-run enterprises is rather concentrated, they should be all the more firm in implementing the concept of "serving large industries and enterprises, doing a good job in forming a whole range [pei tao 6792 1152], and playing the supporting role to render good service. They should also develop themselves in so doing. Regarding large and medium state-run enterprises, they should be thankful for the contributions of the localities in the building and development of large enterprises, be understanding of their difficulties and feelings, and actively support their development to help local economies grow. "National teams" and "local teams" should support and promote each other. "National teams" should not regard themselves as the host, while bullying the small and weak, whereas "local teams" should never act like "local villains" and violate the interests of the "national teams."

2. It is necessary to properly handle the relationship between state ownership and local interests. Disputes over natural resources are the chief aspect in the contradictions between large and medium state-run enterprises and the localities. It should be clarified that natural resources belong to the state; therefore, it is primarily necessary to guarantee the state in excavation, while the localities should not affect national interests on the grounds of their own interests. However, in excavation, the state will inevitably affect some local interests. For example, because of the occupation of arable land, damage to the land, and pollution, it is necessary to let localities excavate part of natural resources in the plan as compensation.

3. It is necessary to properly handle the relationship between planning for local interests and bearing responsibility for the state. Local leadership should do good things for local people and plan for their interests.

However, wishes as such must be based on bearing responsibility for the interests of the state and the whole situation. By no means should one's attention be focused on local interests, disregarding national interests. Planning for local interests should be linked to bearing responsibility for the state. In cases where contradictions arise between national interests and local interests, the latter should be subordinated to the former.

4. It is necessary to properly handle the relationship between decisionmaking and subordination. Every citizen, enterprise, and local group leadership has his or its own right of decisionmaking and the obligations of subordination. It will not do to stress the right to make decisions only and fail to subordinate local interests to the readjustment and control of the national plan and superior administrative departments. They should not use the right to make decisions alone while failing to perform their obligations and duties in subordination. Subordination falls into two categories, compulsory and noncompulsory. Tax payment according to the regulations and selling grain, cotton, and edible oil according to the plan are compulsory and must be complied with. In cases where contradiction occurs between partial interests and those of the whole situation, and where there is need for the localities to support the whole situation, they should consciously subordinate partial interests to the whole situation, although such subordination is not compulsory.

While handling the above relationships it is imperative to stress the truth that "tributaries will be filled only when there is water in the trunk river [ancient Chinese saying]; otherwise they will dry up." Local economies are inseparable from the guidance of the national economy. Should major national economies, such as railways, energy resources, and raw materials having a bearing on the national plan and people's livelihood shrink, it would also be difficult for local economies to maintain their growth. Therefore, no matter what right to make decisions the localities enjoy, and no matter how enterprises conduct their independent operation after implementation of the contracted responsibility system, they should never give up the principle of subordinating the interests of the partial situation to those of the whole situation. At the same time, the concept of the partial situation subordinating interests to those of the whole situation must be stressed again.

Provided some railways, highways, water conservation works, and large mines are to be built within the national plan involving land requisition, dismantling, and removal, localities should consciously subordinate their interests to such needs. Should localities care only for their own interests, which are comparatively minor, and refuse to sacrifice their own interests, while they even vie for their economic interests with those of the whole situation, the interests of the state and the whole situation will never be guaranteed.

The phenomena of some localities worming into the interests of the whole situation has been rather serious in

recent years, and they believe that "the partial situation will enjoy infinite interests should the interests of the whole situation concede just a very small portion of its interests; with a small mouthful of interests of the whole situation yielding to the localities, the localities could stop worrying about their insufficiency for at least 3 years." Thus, they have tried every way to undermine the foundations of large and medium state-run enterprises. Consequently, the relationship between them can be very nasty, with the interests of the whole situation affected, while the partial situation has not been very successful in its development. Facts prove that the partial situation cannot be guaranteed by undermining the foundations of large and medium state-run enterprises. Only by supporting the interests of the whole situation will the interests of the partial situation be maintained.

Economists at Symposium Urge Price Reform

HK1811025189 Hong Kong HONGKONG STANDARD
in English 18 Nov 89 p 6

[By Tammy Tam]

[Text] Price and economic reforms should be carried out once the situation permitted despite the current austerity drive, 10 prominent Chinese economists said at a symposium in Beijing.

The economists, from leading government research institutes, had helped draft China's three-year economic development plan.

They said the nation's economy was going through a very critical period and that there was no room for blind optimism.

Participants at the symposium included:

- Liu Guoguang, vice director of the Chinese Academy of Social Science who is also an alternative member of the Communist Party Central Committee.
- Mr Sun Shangqing, permanent Deputy Secretary-General of the Development Research Centre under the State Council.
- Mr Zhou Yuanying, spokesman of the State Planning Commission.

They had helped draft the three-year economic rectification plan that was approved last week by the Fifth Plenary Session of the 13th Central Committee of the Communist Party.

In the Beijing symposium, organized by the Hong Kong-based leftwing newspaper, WEN WEI PO, participants agreed that the current rectification programme was only a means of developing a stable economy in China.

The three-year plan has not been made public.

Some reports suggest the leadership decided not to announce the plan, for fear it would give people the impression the reform movement was being held back.

Though the plan was not made public, it was believed the authorities wanted overseas investors to learn about its main points.

At the symposium, the economists said that the plan, which called for the rectification of the economic order, had included the necessary measures for reform.

These measures had been put on hold to avoid overheating the economy.

Participants at the symposium said there was no need for the reforms to be held in abeyance until such time as the current rectification and austerity drive had ended.

Radical price reforms, which were implemented in mid-1988, had led to galloping inflation, panic buying and mounting complaints about the economy.

Disgraced party chief, Zhao Ziyang, who had advocated the reforms with the backing of senior leader Deng Xiaoping, was blamed for the nation's economic woes.

Calls for renewed price controls at the symposium appear to contradict the government's urging for a period of belt-tightening.

The economists at the symposium revealed that the Fifth Plenary Session had insisted on an austerity drive despite opposition from local and other sectors.

They stressed that the party needed to pluck up its courage and stand by its decision.

Last week the XINHUA NEWS AGENCY denied a Voice of America report that the meeting was marked by heated debate.

XINHUA said the Voice of America report was nothing but rumour.

The economists warned that the recent economic stagnation caused by the current austerity programme should not be ignored.

They said industrial output had fallen and that banks were putting the squeeze on credit to enterprises.

Yesterday, the State Statistics Bureau reported that the value of industrial output had fallen by 2.1 percent in October, the first monthly decline recorded in 10 years.

In money terms industrial output in October totalled 105.8 billion yuan (HK\$211.6 billion).

This figure was 2.1 percent down on the same period last year.

The Beijing symposium was the first time since June that so many influential and prominent economists had openly admitted the negative aspects of the current austerity drive.

They called on the central government to focus on the seriousness of the problem.

They pointed out that since the economic situation was improving due to strict controls on loans, there should be no problem helping selected enterprises with a good management record.

Beijing authorities recently approved 100 billion yuan (HK\$220 billion) in loans to industry.

But industry needs more than 180 billion yuan (HK\$396 billion) to maintain maximum production.

Statistics Bureau Reports Declining Inflation

OW1811204289 Beijing XINHUA in English
1115 GMT 18 Nov 89

[Text] Beijing, November 18 (XINHUA)—The growth rate of prices in China continued to fall in October, according to figures released here today by the State Statistics Bureau.

The consumer price index in 35 of the country's big and medium-sized cities was 7.6 percent up on that of the same period last year, but the figure was 27 percent in January. The growth rate in October was 2.1 percent less than that in September.

The average price level in the 35 cities during the past 10 months rose 21.4 percent on the figure for the same period last year.

The total value of retail sales was 65.3 billion yuan last month, 0.3 percent less than that in the same month last year; but the total value for the past 10 months reached 672.5 billion yuan, 11 percent up on the figure for the same period last year.

The decline in retail sales during October was less than that in September, which was 1.1 percent.

The statistics bureau predicted that the market will continue to improve in the last two months of this year.

State Forms 12-Year Plan for Natural Resources

HK1811063889 Beijing CHINA DAILY in English
18 Nov 89 p 1

[By staff reporter Xie Liangjun]

[Text] China has mapped out a major programme for tapping enough natural resources to cater for the country's ambitious development projects in the next 12 years, it was announced in Beijing yesterday.

However, officials admit they will have difficulties in achieving the goal of finding adequate mineral supplies to satisfy the growing appetite of industry. "It will be very difficult to secure the normal supply of minerals needed for realizing the per capita GNP target of \$800 by the year 2000 if effective measures are not adopted immediately," said a spokesman of the Ministry of Geology and Mineral Resources at a press conference yesterday.

To date, China has found 162 minerals, 148 of which have proven deposits, and 200,000 mines or mining pits have been established across the country.

However, problems such as poor ore, sub-standard dressing process and disadvantageous locations will make it difficult to develop these sites for a few years, according to reliable resources.

Major resources like petroleum, natural gas, copper, iron ore and sylvite will fall seriously short of supply by the turn of the century.

He added that the ministry will focus on exploring such energy resources as oil and natural gas in the next decade.

The spokesman said the gap will widen between demand and supply of iron and copper ores. Only 80 per cent of iron and 50 per cent of copper demands can be met by the year 2000, he estimated.

More than 95 per cent of energy and 75 to 80 per cent of raw materials for processing industries come from home resources.

With the rapid development of the national economy and the expansion of industry in China, the growing demand for natural resources will make the supply situation only worse, he said.

Besides, the tremendous waste by mining and processing enterprises is actually aggravating the loss of the country's precious minerals, he complained.

In 1987, about 300 million tons of coal was produced at small pits where more than 1.35 billion tons could have been brought up.

"Every possible step should be taken to protect and save our precious mineral resources for the sake of future development and posterity," he said.

The spokesman said that funds for geological prospecting must be sought through all possible channels, or the country's mineral supply will be inadequate in the next 10 to 20 years.

China is expected to increase its allocation of the State budget to geological exploration and research from the present 1.4 per cent to 2 per cent by the turn of the century, the spokesman said.

He noted that the work of geological prospecting is hampered by inadequate investment and widespread price hikes of all necessities.

In the end, the spokesman expressed optimism in China's future mineral supply as he saw all the problems he mentioned could be solved through concerted efforts of the whole nation as well as of the geological workers.

Nonferrous Metal Production Increases*OW2211061289 Beijing XINHUA Domestic Service
in Chinese 1232 GMT 21 Nov 89**[By correspondent Li Aiping (2621 1949 5493)]*

[Text] Beijing, 21 Nov (XINHUA)—China enjoys a favorable situation in nonferrous metal production this year. By yesterday, the total production of 10 major nonferrous metals reached 1,842,700 metric tons, an increase of 4 percent over the same period last year, accomplishing 92.1 percent of this year's state quota.

The satisfactory result for the nonferrous metal industry was achieved under the conditions of a shortage of raw materials, electricity, capital funds, and transportation, and a short supply of coal, petroleum, and alkali. Since the beginning of this year, the nonferrous metal industry has paid particular attention to the "double increase and double economy" drive and tapped its inner potential. The China Nonferrous Metals Industry Corporation has strengthened its production management. It has attempted to isolate and solve the problems of production in a timely fashion in order to maintain a good trend of steady growth in production of nonferrous metals.

According to experts in economic circles here, the steady production growth of nonferrous metals, which are important materials in industrial production, will have an active and beneficial influence on the whole industrial production in China.

Nonferrous Metals Shortage Expected in 1990*HK2711145389 Beijing CEI Database in English
27 Nov 89*

[Text] Nanjing (CEI)—Demand for nonferrous metals is expected to exceed supply in China next year, sources from a national meeting on nonferrous metals ended in Wuxi recently. [sentence as received]

China will reduce the import of nonferrous metals in 1990. Departments concerned have called on nonferrous metal producers throughout the country to strive to increase their output while imposing restrictions on irrational consumption of the metals.

Vanadium Output Ranks Third Worldwide*OW1811065489 Beijing XINHUA in English
0240 GMT 18 Nov 89*

[Text] Beijing, November 18 (XINHUA)—China's vanadium output now ranks third in the world with the success of the Panzhihua vanadium base in Sichuan Province built two decades ago, the "PEOPLE'S DAILY" reported today.

The Beijing [words indistinct] has ended reliance on importing vanadium.

It is learned that the base has verified vanadium reserves totalling 10 billion tons and [words indistinct] out more

than 700,000 tons of vanadium cinders over the past 19 years, accounting for 80 percent of the nation's total output.

More Small Hydroelectric Power Plants Built*OW1811193789 Beijing XINHUA in English
0909 GMT 18 Nov 89*

[Text] Beijing, November 18 (XINHUA)—China has now an installed capacity of 12 million kilowatts of small hydroelectric power stations, providing 36.4 percent of the country's total hydro power capacity and an annual output of 31.6 billion kilowatt hours (kwh).

The figures were given by Deng Bingli, director of the rural hydro power department of the Ministry of Water Resources, in an address to Chinese and foreign businessmen attending an international water exposition in Beijing.

He said the installed capacity of small hydro power stations in Guangdong, Sichuan, Hunan, Fujian and Guangxi exceeded one million kilowatts towards the end of 1988 and that of Yunnan, Zhejiang, Jiangxi, Hubei exceeded 500,000 kilowatts.

Deng said China started to spend 100 million yuan a year in 1986 to help localities build more small hydro power plants. Most of these areas are remote and rich in hydro power but they have underdeveloped economies.

At present, 70 counties in China can supply 80 percent of the peasant families with ample electricity. An extra 30 counties will meet this target early in 1990.

He said the construction of small hydro power plants has eased the national power problem and promoted the development of township industries and agriculture.

The Ministry of Water Resources estimates that the exploitable potential of small hydro plants is 75 million kilowatts. China plans to make use of 10.58 million kilowatts, raising from 110 kwh in 1988 to 240 kwh in the year 2000 the annual energy consumption per person in more than 800 counties that primarily depend on medium and small hydro plants.

State Establishes Construction Labor Bases*OW2211020889 Beijing XINHUA Domestic Service
in Chinese 0146 GMT 21 Nov 89**[By reporter Li Anding (2621 1344 1353)]*

[Text] Beijing, 21 Nov (XINHUA)—To beef up the improvement and rectification of the construction labor market in rural areas, China will, for the first time, build a number of construction labor bases and put them under state guidance. These bases will train construction workers capable of working on both the agricultural and industrial fronts. These workers will have technical proficiency.

The authorities concerned, including the Ministry of Construction and the Ministry of Agriculture, have announced that 30 cities, counties, and areas in 13 provinces and autonomous regions, including Jiangsu, Jiangxi, Henan, and Sichuan, have been chosen as sites for state construction labor bases. Fourteen of them are poor counties and areas.

The state construction labor bases will exercise management over ungraded construction workers [fei deng ji shi gong dui wu 7236 4583 4789 2457 1562 7130 0124] and give them the necessary technical and professional training. The construction labor bases will set up channels for the transmission of labor information, exclusively take charge of sending construction workers to other places, and shoulder the responsibility for the management of construction workers who have gone to

work in other places. They will also establish a cooperative network linking themselves with big construction enterprises and ensure that construction labor is gradually put under intensive management.

It has been learned that the establishment of the state construction labor bases is aimed at speeding up the improvement and rectification of the management of construction labor available in rural areas, and also for changing the present state of affairs in which construction workers are scattered, their management is sloppy, and their quality is poor. It is also intended to give full scope to the advantages of the building industry, which requires less investment and can yield quick returns, and to make the building industry a pillar of the economy at the county and city levels so that it will better serve the purpose of helping the poor areas eliminate poverty and embark on the road of affluence.

East Region

Anhui Party Committee Holds Meeting 13-14 Nov

OW2211052289 Hefei Anhui Provincial Service
in Mandarin 1100 GMT 14 Nov 89

[Text] The Anhui provincial party committee held an enlarged meeting of its Standing Committee from 13 to 14 November to convey and study the guidelines of the 5th Plenary Session of the 13th CPC Central Committee. Comrades Lu Rongjing and Fu Xishou conveyed to the meeting the CPC Central Committee decision adopted by the plenary session on further improving the economic environment, rectifying the economic order, and deepening the reform. It also relayed the important speeches made by Comrades Jiang Zemin and Li Peng at the 5th Plenary Session of the 13th CPC Central Committee and at the central working conference held prior to the plenary session. This information was seriously studied and discussed by members of the Standing Committee of the provincial party committee and responsible comrades of the provincial advisory commission, provincial people's congress, provincial government, provincial Chinese People's Political Consultative Conference Committee, provincial discipline inspection commission, provincial military district, and concerned departments directly under the province who attended the meeting.

Studying the guidelines of the 5th Plenary Session of the 13th CPC Central Committee in light of reality, they deeply felt that the leadership of the party Central Committee—with Comrade Jiang Zemin as the nucleus—is strong and its work has been highly effective. Because of the correct policies and measures adopted by the party Central Committee in the short period of a few months since the 4th Plenary Session of the 13th CPC Central Committee, the political situation in China has quickly stabilized. The decision adopted by the latest plenary session and the important speeches made by Comrades Jiang Zemin and Li Peng have correctly analyzed the current economic situation in China, scientifically summed up the experiences and lessons learned, and clearly set the goals and laid down the policies and measures for further improving the economic environment, rectifying the economic order, and deepening the reform. This is bound to produce a great impact on us as we overcome the temporary difficulties in the economic field, consolidate and develop the stable situation in the country, and promote the sound development of socialist construction and the cause of reform. They are convinced that, as long as the cadres and masses—under the leadership of the party Central Committee with Comrade Jiang Zemin as the nucleus—make concerted efforts, rely on ourselves, work hard, and are braced for a few years of retrenchment, we will surely be able to overcome all obstacles in the road of advance and realize sustained, steady, and balanced development.

Combining study with reality, they made a preliminary analysis of the current situation in our province. They

hold that initial results have been achieved since improving the economic environment, rectifying the economic order, and deepening the reform in the past year and more. Investment in fixed assets has been reduced, prices are stabilizing, surplus currency issued has been withdrawn with fairly good results, and the economy is continuing to develop steadily. At the same time, however, the market is weak, some enterprises are overstocked with unmarketable products, and the rate of industrial growth has dropped too drastically. The economic situation remains quite grim. We must not be unrealistically optimistic and fail to have a full understanding of the necessity and difficulty of improving the economic environment, rectifying the economic order, and deepening the reform. Neither should we fear difficulties, become pessimistic, fail to see the favorable conditions we have for overcoming difficulties, or lack confidence in our ability to surmount difficulties. Leading cadres should pay more attention to guarding against underestimating the difficulties and to overcoming the attitude of being unrealistically optimistic. They should prepare for the worst and strive for the best. Their primary task at present is to conscientiously implement the guidelines of the 5th Plenary Session of the 13th CPC Central Committee and unify their thinking with the decision of the CPC Central Committee on further improving the economic environment, rectifying the economic order, and deepening the reform. While continuing to do a good job in investigating corruption and in all other areas to ensure a situation of stability and unity, they should lose no time in focusing attention on economic work and on improving the economic environment, rectifying the economic order, and deepening the reform. They should continue to maintain the stability of various policies and perfect them to dispel any misunderstandings or apprehensions about the continuity and stability of the policies so as to further set the minds of the people at ease. At the same time, they should truthfully explain the current situation, the methods to be used in overcoming difficulties, and the prospects for future development to the cadres and masses so as to strengthen their confidence and inspire their fighting spirit. All comrades attending the meeting unanimously expressed their resolve to take the lead in leading a life of retrenchment and in carrying forward the spirit of self-reliance, hard struggle, and being industrious and thrifty in building up the country and in all endeavors. They are determined to really share weal and woe with the masses and set an example for them.

They unanimously supported the decision of the plenary session on the readjustment of the personnel of the Central Military Commission. They all paid high respects to Comrade Deng Xiaoping for displaying the broad mind of a Marxist and the great foresight of a proletarian revolutionary in setting an example by abolishing the life-long tenure of leading posts, an idea which he has long advocated. They are unanimous in their opinion that the assessment made of Comrade Deng Xiaoping by the plenary session is in complete accord

with reality and expresses the wishes of the whole party and the people of the whole country.

They said that although Comrade Xiaoping no longer serves as chairman of the Military Commission, his health and longevity remain very important to the party and the state. His theory on building socialism with Chinese characteristics and his writings continue to be the party's precious wealth and the great ideological force inspiring and guiding us to advance triumphantly. We should seriously study Comrade Deng Xiaoping's speeches and writings, enhance vigor, work hard with one heart and one mind, unite under the leadership of the party Central Committee with Comrade Jiang Zemin as its nucleus, do all work well in a realistic way, and continue to advance the great socialist cause with Chinese characteristics.

The meeting also seriously discussed the question of how to convey the information to lower levels and how to implement the guidelines of the 5th Plenary Session of the 13th CPC Central Committee, and made relevant arrangements for the implementation.

Jiangxi County Cracks Down on 'Six Vices'

OW2211013289 Nanchang Jiangxi Provincial Service
in Mandarin 1100 GMT 20 Nov 89

[Text] Xinjian County Public Security Bureau has taken effective measures in the struggle against six social vices. In the past 2 weeks, it has solved 47 criminal cases, disbanded 14 criminal gangs with a total of 52 gang members, destroyed 52 gambling dens, arrested 401 gamblers, confiscated gambling money, collected fines amounting to over 110,000 yuan, and seized some 200 items of gambling paraphernalia, pornographic materials, and stolen goods.

At the end of October, Xinjian County Public Security Bureau drew up an action plan to deal with social problems. The county party committee and government specifically set up a unified leading group to eliminate the six social vices. They closely integrated the work of eliminating the six social vices with the work of investigating and solving criminal cases, with investigation and handling of cases involving social order in the rural areas, with rectification of order in places frequented by people of questionable character, with tracking down fugitives, with mobilizing the masses to prevent crimes, and with improving the grass-roots crime prevention organizations. They sponsor contests among various task forces, various levels of police stations, social order defense groups, and police officers. They have sent 40 police officers to such key areas as (Xinjizhou), (Shenmi), and (Tanning) to help maintain social order and organize the masses. Under the unified leadership of party committees and governments, this county, in cooperation with relevant departments, has assigned 700 people to crime prevention work.

Jiangsu To Launch Birth Control Film Campaign

OW2111062189 Nanjing Jiangsu Provincial Service
in Mandarin 1015 GMT 11 Nov 89

[By reporter Guo Lili from the "News" program]

[Text] A scientific and educational film campaign, entitled "Population and Health," will be conducted throughout the province from November to February next year. The aim of the campaign is to publicize comprehensively the state's policies concerning family planning and population control, to promote development of socialist spiritual civilization, and to help raise the general educational and health level of the people.

The films to be shown during the campaign are varied and extensive in both subject matter and content. They have been chosen mainly from among the scientific and educational films made during the 1985-1989 period that concern birth control, population and economy, eugenics, hygiene and health.

The provincial Film Distribution and Education Company is giving top priority to social education and, in this connection, has spent 110,000 yuan to purchase 44 copies of 35 mm films and 390 copies of 16 mm films from the China Film Distribution and Exhibition Corporation. These copies are now on their way to the province.

The film campaign will be carried out in two stages. In the first stage the films will be shown in cities this year and, after the lunar new year, will be shown in both urban and rural areas across the province, with the emphasis on rural areas.

Shandong Advisory Commission Meets 15-17 Nov

SK2211022589 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 17 Nov 89

[Text] From 15 to 17 November, the Advisory Commission of the provincial CPC Committee held a meeting to relay and study the guidelines of the 5th Plenary Session of the 13th CPC Central Committee and the Central Work Conference. A total of 36 persons, including members of the provincial Advisory Commission and veteran comrades retired from the provincial Advisory Commission, attended the meeting. Liang Buting, chairman of the provincial Advisory Commission, and Liu Peng and Liu Zhongqian, vice chairmen of the commission, presided over the meeting. Comrade Liang Buting made a speech at the conclusion of the meeting.

The comrades participating in the meeting conscientiously studied and discussed the documents of the fifth plenary session and the important speeches made by central leading comrades. They unanimously pledged to support the decision adopted by the party Central Committee with regard to further improving the economic environment, rectifying the economic order, and deepening reform, as well as the important speeches made by central leading comrades. They maintained that this

decision has made a scientific analysis of the current economic situation, has correctly summarized experiences and lessons gained over the past 10 years, and has definitely pointed out the goal, principles, and measures for improving the economic environment, rectifying the economic order, and deepening reform, thus being a programmatic document for guiding China's economic work in the years to come. This decision should be profoundly comprehended and firmly implemented by us.

The meeting's participants gave wholehearted support to the decision adopted by the fifth plenary session on consenting to Comrade Deng Xiaoping's resignation from the post as chairman of the Central Military Commission, and maintained that the high values set by the decision of the party Central Committee on the brilliant achievements of Comrade Deng Xiaoping has fully manifested the common aspiration of the entire party, the whole military, and the people of all nationalities across the country. By citing numerous facts in line with China's revolution history, the comrades participating in this meeting also indicated that Comrade Deng Xiaoping has made an everlasting contribution to the liberation of the Chinese people and socialist construction over the past several decades. Now, for the sake of long-term order and stability of the party and the country, Comrade Deng Xiaoping has resigned from his present post when he is still in good health. He has manifested the foresight and sagacity an outstanding Marxist should have and the broad mind a proletarian revolutionary should have and has set an example with his own deed for abolishing the life-long tenure of leading cadres. Therefore, he is highly respected by the people.

The comrades participating in this meeting unanimously pledged to continuously and profoundly study the documents and guidelines of the fifth plenary session, to enhance and unify their ideas and understanding, and to unite their ideas with the guidelines of the fifth plenary session. They also pledged to further strengthen the study of the basic theory of Marxism, to improve their ideological and theoretical standards, to consciously uphold the four cardinal principles and oppose bourgeois liberalization, to give positive support to the work of the provincial party committee by closely rallying around the party Central Committee headed by Comrade Jiang Zemin, and to conduct earnest investigation and study of the central tasks set forth by the provincial party committee with a view to serving as good political assistants and advisers to the provincial party committee. In addition, they pledged to work hard with one heart and one mind together with all party members and all people in the province so as to make new contributions to fulfilling the principle of developing the economy in a sustained, stable, and coordinated manner and the principle of further improving the economic environment, rectifying the economic order, and deepening reform, and to stabilizing and developing the good situation of the province.

Shandong Develops Policy on Foreign Enterprises

HK2211043389 Beijing ZHONGGUO XINWEN SHE
in Chinese 1349 GMT 17 Nov 89

[Report by reporter Gu Fangdong (7357 2455 2639) and correspondent Guo Changzheng (6753 7022 1767): "Shandong Province To Practice Slanting Policy Toward Foreign-Funded Enterprises"—ZHONGGUO XINWEN SHE headline]

[Text] Jinan, 17 Nov (ZHONGGUO XINWEN SHE)—The Shandong Provincial People's Government recently formulated the "Interim Procedures of Shandong Province for the Control of Foreign-Funded Enterprises," explicitly stipulating the adoption of a slanting policy toward investments from the three kinds of enterprises that are partly or wholly foreign-owned, in order to increase its appeal for continued foreign investments.

As an important province in China's northern coast opening up to the outside world, Shandong has made great efforts in recent years to improve the foreign investment environment. The number of foreign businessmen investing in Shandong has increased day by day. By 10 November, 497 joint ventures, cooperative enterprises, and wholly foreign-owned enterprises were approved and nearly 200 enterprises started business or went into production.

In recent months, after conducting ample investigation and study among foreign-funded enterprises which had gone into production, Shandong Province discovered many problems, such as failure to implement the policies and to bring the capital, raw materials, and energy supply needed by the three kinds of enterprises that are partly and wholly foreign-owned into line with the plan. As a result, these enterprises met with considerable difficulties in production and operations. It is in light of the practical conditions in Shandong Province that the "Interim Procedures for the Control of Foreign-Funded Enterprises" have been formulated.

Wu Zhongshu, deputy director of the Shandong Provincial Commission for Foreign Economic Relations and Trade, briefed reporters on the main contents of the slanting policy to be adopted:

—A slanting policy will be adopted in terms of credits and loans to selectively support those foreign-funded enterprises which are technologically advanced, earn a lot of foreign exchange, and yield better economic results, and to solve the circulating funds needed by the enterprises, as well as the necessary capital stock and differential loans.

—A slanting policy will be adopted in terms of raw materials and energy supply. Preferential arrangements will be made for the energy and raw materials needed by the three kinds of enterprises that are partially or wholly foreign-owned. If this can be brought into line with the supply plan, it should be solved within the plan; if it cannot be brought into line with the plan, it should be solved outside the plan. On no account should this be ignored.

—Responsible persons at all levels should adopt a slanting policy in terms of their energies. Through the institution of a statistics system and complete cards and archives the responsible persons should promptly acquaint themselves with the construction pace, production, and operations of the three kinds of enterprises that are partially or wholly foreign-owned and, through legislation and the setting up of social service organizations, safeguard their legitimate rights and interests and solve their difficulties and problems in production and operations.

Moreover, Shandong Province will also train managerial personnel of the Chinese side working in foreign-funded enterprises and raise their quality so that they can genuinely carry out production and operations in accordance with international practice.

Shandong Procuratorate Discusses Graft, Bribery

SK2211041789 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 20 Jul 89

[Text] The first provincial procuratorial organs conference on investigation of graft and bribe-taking cases, which ended in Heze recently, studied and worked out specific programs for strengthening the investigation work in light of the current phenomena in which many criminals have engaged in money and material management, have money in their hands, and have committed relatively serious crimes. The conference decided to accelerate the standardization and modernization of the work of the province's procuratorial organs with regard to investigating graft and bribery cases in order to comprehensively improve the efficiency of the investigation work. The investigation work of procuratorial organs is the key link of the campaign against graft and bribery. From January to October, our province placed 2,257 graft and bribery cases on file for investigation, and retrieved more than 8 million yuan of economic losses for the state.

The conference demanded that procuratorial organs at all levels clearly understand the basic characteristics and trends of the current graft and bribery crimes, and strengthen leadership, exert more efforts, increase installations, intensify the investigation [words indistinct], and make correct and efficient use of investigation means and skills to crack down on various graft and bribery cases in a timely and accurate manner in line with the practical circumstances of various localities.

The conference pointed out: For those grafters and bribe-takers who refused to surrender themselves to the courts after the time limit, procuratorial organs should make a correct analysis, and organize keen-witted and capable persons to do investigation work in a rapid manner and handle cases in a strict manner so as to deal with all those major and appalling cases concerning graft and bribery within the end of this year. [words indistinct]

Shanghai Municipal Party Plenum Ends

OW2211010789 Shanghai City Service in Mandarin
2300 GMT 14 Nov 89

[Text] The 4-day enlarged Ninth Plenary Session of the Fifth Shanghai Municipal CPC Committee ended victoriously at the Shanghai Exhibition Center yesterday morning.

The participants were briefed on the documents of 5th Plenary Session of the 13th CPC Central Committee and the guidelines of the Central Work Conference held just before the plenary session. They earnestly studied these documents and guidelines in connection with Shanghai's reality. The comrades attending the Shanghai plenary session and other leaders present at the session as observers freely exchanged views and correctly analyzed the current economic situation by keeping the overall interests in mind. With unified thinking, they came to clearly understand the objective of improving the economic environment, rectifying the economic order, and deepening the reform. They understand the tasks involved in carrying out this work and the measures needed. As a result, their confidence to strengthen unity and to work hard to overcome difficulties has increased.

The session participants unanimously expressed their support for the speeches made by Comrades Jiang Zemin and Li Peng at the 5th Plenary Session of the 13th CPC Central Committee and the Central Work Conference held prior to the session. The participants said that the speeches by the central leaders are dialectical because they discussed both economics and politics, both achievements and mistakes, the necessity to face both difficulties and strengthen confidence, and both the mass line and party leadership.

The participants unanimously expressed their support for the CPC Central Committee's decision on further improving the economic environment, rectifying the economic order, and deepening the reform, approved by the fifth plenary session after discussion and examination. They noted that this decision is a powerful ideological weapon for unifying the party in firmly and successfully carrying out the work of economic improvement and rectification and for helping people to correctly understand the relationship between improvement and rectification on the one hand and deepening the reform on the other.

During their discussions, the participants paid high tribute to Comrade Deng Xiaoping for setting an example in abolishing the life-long tenure of leading posts for cadres.

At the plenary session of the municipal party committee, the participants enthusiastically discussed questions concerning the implementation of the guidelines of the 5th Plenary Session of the 13th CPC Central Committee;

concerning further improvement of the economic environment, rectification of the economic order, and deepening of the reform in Shanghai; concerning strengthening party leadership over this work; and concerning how to overcome difficulties so as to win still greater victories by working hard under the guidance of the fifth plenary session. They made many good suggestions.

Zhu Rongji, secretary of the municipal party committee, made an important speech at yesterday's closing ceremony. After summing up what the session had learned and discussed, he suggested: At present, the whole party and the people of whole country must have a unified understanding of the guidelines of the 5th Plenary Session of the 13th CPC Central Committee. While we must be fully aware of the difficulties faced by Shanghai's economy, we should take note of the grim economic situation without losing sight of the favorable conditions for overcoming these difficulties. We must strengthen our consciousness and confidence in successfully carrying out the work of improving the economic environment and rectifying the economic order.

Zhu Rongji called on Shanghai's party members, especially the leading cadres at all levels, to carry forward the party's fine tradition, make the most of political advantages, uphold the mass line, improve their work style, share weal and woe with the masses, strengthen centralized leadership, strengthen the sense of organization and discipline, oppose decentralization, earnestly study Marxist philosophy and materialist dialectics, and improve the scientific method of making policy decisions.

At the session yesterday, Wu Bangguo, deputy secretary of the municipal party committee, reported on the implementation in Shanghai of the guidelines of the 4th Plenary Session of the 13th CPC Central Committee.

Attending yesterday's closing ceremony were members and alternate members of the municipal party committee, members of the municipal Advisory Commission, members of the municipal Discipline Inspection Commission, and responsible comrades of relevant departments, numbering more than 300 people.

Central-South Region

Guangdong Governor Pronounces Judgment on Graft

HK2211103389 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 21 Nov 89

[Text] This morning, Ye Xuanping pronounced people guilty of graft in Guangzhou.

At a Guangzhou rally on the pronouncement of the judgment of graft and bribery, Ye Xuanping emphatically pointed out: Our province has done a lot of work to punish corruption and to promote the building of an honest government, and has scored very great achievements.

Ye Xuanping said: Our province has recently implemented the circular of the Supreme People's Court and

Supreme People's Procuratorate, pushed the province's struggle against corruption a big stride forward, and created still better conditions for penetratingly waging a long-term struggle against corruption in the future. However, this is merely a first-round victory. We must by no means overestimate it, nor lower our guard.

Ye Xuanping pointed out: Our province's struggle against corruption has developed unevenly. Those who surrendered themselves to the public security organs in the previous period of time were not all criminals guilty of graft. Even if all these criminals were exposed, new criminals would be continuously generated.

Ye Xuanping stressed: The tasks of the anticorruption struggle are still very arduous. We must grasp it persistently and protractedly to the end.

Guangdong Military Official Condemns Prostitution

HK2111024189 Guangzhou Guangdong Provincial Service in Mandarin 0040 GMT 18 Nov 89

[Text] At a meeting for taking actions against prostitution at guesthouses and hostels for Army units stationed in Guangdong yesterday, Liu Guinan, deputy director of the Guangzhou Military Region, emphasized that efforts must be made to eradicate the public evil of prostitution and give guesthouses and hostels for Army units a thorough cleaning.

Liu Guinan pointed out: The work of prohibiting prostitution at guesthouses and hostels for Army units should be regarded as one of the major criteria measuring the performance of those guesthouses and hostels. Those guesthouses and hostels which do ideological and political work efficiently and whose business principles are correct must be loudly commended and relevant leaders must be held responsible for those guesthouses and hostels which take a laissez-faire attitude toward prostitution. We have an unshirkable duty to respond to the call of the Central Committee and the State Council to take an active part in the struggle against six evils. We must turn our Army's guesthouses and hostels into ones advanced in socialist modernization.

Guangdong Economic Development Forum Opens

HK2411040389 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 23 Nov 89

[Text] A forum on the development of Guangdong's economy in the course of improvement and rectification, jointly sponsored by the provincial economic commission, the provincial finance and trade office, and Zhujiang Economic Radio Station opened at the Guangdong Guesthouse this morning. Attending the forum are the responsible persons of some large and medium-sized enterprises throughout the province and personages of economic theory circles, totaling some 50 people, who are gathered to discuss how to enliven the economy in the course of improvement and rectification.

Vice Governor Liu Weiming attended the forum and spoke. In his speech, Liu Weiming pointed out: We must make a full estimate of our difficulties, but must prevent our thinking from declining in the face of those difficulties. We must seriously implement the spirit of the 5th Plenary Session of the 13th CPC Central Committee, strengthen our confidence, and do our work well. We must seriously study economic laws and market laws, adopt feasible countermeasures, overcome difficulties, and remove obstructions to circulation to promote economic development.

Guangdong SEZ Surpasses Revenue Quotas

HK2311144289 Guangzhou Guangdong Provincial Service in Mandarin 23 Nov 89

[Text] Since the beginning of this year, a good situation has prevailed in Shenzhen's finances. By the end of October, the city's budgeted revenue totaled 1.549 billion yuan, a 51.31 percent increase over the same period last year, overfulfilling the year's revenue quotas 2 months ahead of schedule.

The situation in Shenzhen's finance has been favorable thanks to the following: First, the double increase and double economy drive carried out in depth by the vast numbers of cadres and staff members in Shenzhen which promoted the steady economic growth. Second, the measures adopted to rectify the economic order and curtail over 1 billion yuan of investment in capital construction which ensured the smooth progress of the 240 key construction projects of the whole city. Third, the improvement in the investment environment and drawing of foreign capital, particularly the investment environment improved following the 4 June incident. As a result, the newly increased foreign capital for the third quarter of the year totaled \$107 million, showing a balanced growth compared with the first and second quarters.

Guangdong Reports Industrial Output Statistics

OW2211141589 Beijing XINHUA in English 1050 GMT 22 Nov 89

[Text] Guangzhou, November 22 (XINHUA)—The industrial output value of Guangdong Province was 83.5 billion yuan (22.3 billion U.S. dollars) in the first ten months this year, representing a 17.7 percent growth rate, according to provincial officials.

The growth rate was 16.1 percent lower than in the same period last year as a result of the current campaign to rectify the economic order.

Output of overstocked products, such as TV sets, radio/cassette recorders, washers, bicycles, beer and liquor, has dropped, while products which are in short supply including energy, raw materials, farming-related products and daily necessities have increased remarkably.

While controlling overheated industrial growth, Guangdong has encouraged agriculture. Grain output in the

spring and summer harvests rose eight percent to 9.2 million tons and the autumn harvest is expected to be 8.7 million tons, up 10 percent. Output of cash crops, including flax, sugar cane, fruit, tea and tobacco, has also increased.

Consumer confidence has been restored cooling last year's inflation fueled panic buying. In the first ten months, retail sales totaled 58 billion yuan (15.7 billion U.S. dollars), 15.7 percent higher than in the same period last year. The volume of retail sales has fallen slightly with exception of a few products such as pigs and chemical fertilizer. Bank savings and deposits jumped to 52.7 billion yuan (14.27 billion U.S. dollars).

Guangdong's inflation rate had led the country in recent years. The figure for 1988 was 30.2. The price index in September this year was only 10.1 percent higher than the same month a year ago and in October, the rate of increase dropped to 7.1 percent.

Social and economic stability has also improved the investment climate. In the first 10 months, 5,494 contracts involving overseas funds were signed. The contracts called for total overseas investment of 3.16 billion U.S. dollars, a 13.5 percent increase over the same period last year. Overseas funds actually invested totaled 1.85 billion U.S. dollars, 14.4 percent more than in the same period last year.

Guangdong's exports increased by 6.6 percent to 6.37 billion U.S. dollars in the first ten months. The export earnings of foreign-funded enterprises jumped 98.6 percent to 1.65 billion U.S. dollars.

The provincial government's revenue increased 21.6 percent in the first 10 months.

Local officials say the current situation indicates a good beginning, but there are still many difficulties, including shortages of funds, energy and materials, large stockpiles of some products and poor performances by some enterprises. They also say the province should make great efforts to contain investment in fixed assets.

Guangdong Ventures Contend With Retrenchment

HK2211062389 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0830 GMT 17 Nov 89

["Roundup" by Chen Gui (7115 6311): "Facing Unprecedented Difficulties in the Course of Economic Rectification, Guangdong Township Enterprises Are Making Efforts To Survive"—ZHONGGUO TONGXUN SHE headline]

[Text] Guangzhou, 17 Nov (ZHONGGUO TONGXUN SHE)—Guangdong township enterprises, which occupy an important position in the province's economy, are now facing dual pressure of retrenchment and reduction. Entrepreneurs have expressed the hope that the state's policy on township enterprises will remain consistent. Retrenchment and reduction should not be carried out

in enterprises at will and Guangdong's specific conditions should be taken into account so as to provide opportunities for Guangdong township enterprises to survive and develop, they said.

Over the last 10 years Guangdong township enterprises have developed at an annual rate of 30 percent. There were 80,000 such enterprises 10 years ago but this number has increased to 1.15 million now, with a rise in output value from 2.9 billion yuan to 47.6 billion yuan. Now their output value accounts for almost 30 percent of the province's industrial output value and almost 60 percent of the province's agricultural output value. For the last 10 years Guangdong's economic development, particularly that in the rural areas, cannot be separated from its township enterprises' high development rate.

Blindness in their development and the macroclimate of economic retrenchment have caused unprecedented difficulties to Guangdong township enterprises. Due to their "consistent operations" for the last few years, Guangdong township enterprises still registered a 40 percent increase in output value in the first half of this year, but the situation keeps deteriorating since. There was a continuous drop in July, August, and September, and many counties and cities have registered negative increases in output value since October. Markets are weak, the prices of raw materials keep rising, taxes are increasing, and all trades and undertakings are short of funds. All these have seriously impacted on township enterprises.

In this economic situation the authorities will mainly protect large and medium-sized enterprises while gradually revoking tax exemption for township enterprises and other preferential measures on loans and land requisition. This constitutes another test for township enterprises. As required by economic rectification, this year Guangdong has closed down, suspended, merged, or changed the lines of production in 45,000 township enterprises with high energy and raw material consumption, serious pollution, and bad economic results. It is believed that a number of enterprises will close themselves down in the course of economic rectification. In Guangdong there are township enterprises with backward equipment and technology, but there are also advanced joint-venture township enterprises, which are represented by those in the Zhujiang delta. How to rectify these different kinds of enterprises really requires careful consideration and efforts by the relevant departments.

Fund shortages, production being difficult to continue, and vague market prospects for next year are like "snow plus frost" for township enterprises. How Guangdong township enterprises should strive to survive and develop in the present situation of economic rectification has an important bearing on the overall development of the province's economy. An official in charge of township enterprises said: As long as the macroclimate remains unchanged, Guangdong will take these measures: It will take the initiative in adjusting its product mix and industrial structure, will preserve the good and

eliminate the bad, and will develop export-oriented enterprises, while making simultaneous efforts to form combination between township and state enterprises so that they develop together. But this official added that township enterprises' development requires active government support.

Guangdong Reports Increased Foreign Investment

HK2011015789 Hong Kong SOUTH CHINA MORNING POST in English 20 Nov 89 p 9

[Text] Guangdong Governor Ye Xuanping said yesterday foreign investment had grown by 14 percent since January this year, despite the economic setback after June 4.

He said, however, the province now faced a new problem of a slow down in consumption power of the people but stressed foreign investors were not affected.

Mr Ye, son of the late Marshall Ye Jianying, was speaking after hosting a dinner for the Macao Basic Law Drafting Committee.

He admitted the province had suffered from an overheated economy in the past few years, resulting in inadequate basic facilities such as electricity, transport and raw materials to meet the economic growth.

"Taking one step backward could also advance economic growth in the long run," he said.

Mr Ye said foreign investment had grown 14 percent in the past 10 months, with a total of U.S.\$1.9 billion (HK\$14.82 billion) being invested, mostly from Hong Kong.

Guangdong Foreign-Funded Enterprises Report Success

OW2111135289 Beijing XINHUA Domestic Service in Chinese 0849 GMT 13 Nov 89

[By reporter Fang Xin (2455 2450)]

[Text] Guangzhou, 13 Nov (XINHUA)—This reporter has learned from the department concerned that foreign-funded enterprises which have begun operations in Guangdong are doing pretty well, and their exports are growing continuously.

Statistics show that during the first 9 months of this year, foreign exchange totaling \$1.84 billion was earned by enterprises with foreign investment in Guangdong and by the three forms of import processing [processing and assembly work with raw materials, components, and patterns supplied from abroad] and compensatory trade. This accounted for 33 percent of Guangdong's total exports. From 1984 to September this year, the cumulative amount of exports scored by the enterprises with foreign investment in Guangdong was \$3.85 billion, and the foreign exchange earned by the three forms of import processing and compensatory trade was \$3.3 billion. According to a sample survey conducted in Guangdong

covering nearly 2,000 enterprises with foreign investment, over 70 percent of them have been operating at a profit. If we subtract the losses suffered by the other enterprises from the amount of profits earned by these profit-making enterprises, there is still a profit rate of 7.14 percent. In addition, most foreign funded enterprises can basically balance their foreign exchange earnings and spendings, and more than 70 percent of their products are exported.

Guangdong SEZ Opens Nuclear Monitoring Unit

HK2211021989 Hong Kong SOUTH CHINA
MORNING POST in English 22 Nov 89 p 5

[By Andy Ho]

[Text] China has set up a nuclear safety monitoring unit in Shenzhen to help allay fears over quality control at the Sino-Hong Kong atomic power plant now under construction at Daya Bay.

The Chinese National Nuclear Safety Administration (NNSA), the official Beijing-based nuclear licensing authority, is optimistic that its Shenzhen team could help "stabilise public sentiments in Hong Kong towards the Daya Bay project".

A similar monitoring station was earlier established near Shanghai for China's first civil nuclear power plant in Qinshen, whose generating capacity will be about a third of the twin 900 megawatt pressurised water reactors to be installed at Daya Bay.

To date, the Shenzhen-based monitoring team has conducted four on-site quality inspections on the concrete foundation rafts for the two nuclear complexes.

Three further on-the-spot quality checks were carried out on the alignment and welding works for the six-millimetre-thick steel liners for the reactor containment shells.

NNSA officials told the New China News Agency in Beijing in a recent interview that both regular and sample tests were carried out and follow-up inspections conducted until the problems spotted had been resolved.

The administration said it had accorded top priority to the \$28.8 billion Daya Bay scheme, the biggest ever joint venture project on the mainland.

The officials said their quality assessments and onsite inspections were conducive to timely identification and rectification of the project's "fragile aspects".

As of last month, almost 80 percent of the total civil works for the project's nuclear component had been completed.

More than 90 percent of the civil works for the conventional turbine generating section was also finished.

Following the omission of about half of the starter reinforcement bars of the first reactor complex two years

ago, NNSA has not identified any major construction errors in the Daya Bay project.

Erection work for the first of the two reactors is scheduled for completion in August 1991.

Three quarters of the future Daya Bay electricity output will be transmitted to the territory through the China Light and Power Company, a 25 percent partner of the nuclear investment.

Guangdong Discovers Major Bank Scandal

HK2111035789 Beijing ZHONGGUO XINWEN SHE
in Chinese 0727 GMT 16 Nov 89

["Guangdong Cracks a Major Case of Cadres Violating Discipline"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 16 Nov (ZHONGGUO XINWEN SHE)—It is learned from the People's Bank of China that the bank's sub-branch in Dianbai County, Guangdong Province, incurred a loss of 87 million yuan by providing loans irregularly. This case was discovered recently and was the most serious case related to the loss of loans in violation of discipline since the People's Bank of China began to act as the Central Bank.

According to the relevant financial regulations, the Central Bank and its subordinate organs cannot directly offer loans to enterprises. However, when the financial order was disrupted last year, Liang Dongjin, head of the Dianbai county sub-branch, and Kuang Zhaohua, deputy head of the sub-branch, separately became chief and deputy chief of the bank sub-branch's finance center and the "Yinying Enterprise Development Company" which was founded illegally. They approved large amounts of illegal loans through the finance center and the "Yinying Enterprise Development Company." The loans illegally issued to collective enterprises and individual businesses amounted to more than 28 million yuan, and 18.5 million yuan of these loans could not be retrieved after they expired. According to the investigation of 35 individuals which received the illegal loans, 17 of them had fled and hid, and the remaining 18 people had no money to repay the loans. The existing assets of some debtors accounted for only 40 percent of the loans they contracted from the bank sub-branch.

Liang Dongjin also made use of the opportunities of accepting drafts to take over a huge amount of 63 million yuan from the Kanghua Company and the Agricultural Trust and Investment Company in Beijing. At present, more than 27 million yuan has not been returned to the Beijing companies.

Last September, Liang Dongjin illegally contracted the business of the jewelry department of the "Yinying Company" to a peasant Luo Xing, who also received two loans with a total amount of 580,000 yuan. After smuggling a large quantity of gold and jewelry, Luo Xing fled to other places and has not been arrested so far.

The Guangdong Provincial People's Bank of China recently decided to dismiss Liang Dongjin and Kuang Zhaozhua from all administrative posts and deprive them of all professional titles for their direct responsibilities in the case. Disciplinary actions were also taken against the responsible officials of the Branch of the People's Bank of China in Maoming City.

Guangdong Rice Growers Complain About Prices

HK2011051589 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 17 Nov 89

[Excerpts] Our province has brought in a good harvest of late rice this year but the prices of paddy have come down in most parts of the province. Now peasants in many areas urgently demand purchases of paddy at negotiated prices from grain departments.

Peasants in 10 cities and counties—Zhongshan, Gaoyao, Taishan, Sihui, Gaozhou, Haikang, Huiyang, Boluo, Panyu and Sanshui—have grievances against the sharp drop in the paddy prices. Of late, the prices of paddy on the rural fair grounds in the aforementioned 10 cities and counties have dropped again and again. The price of No. 3 paddy went down to 46.3 yuan per dan, a drop of 40 percent as compared with the price after the year's Spring Festival and 20 percent as compared with that after the past summer harvests. In Boluo County where paddy prices were usually relatively higher than other parts of the province, the price of paddy per dan is merely 50 yuan now. The lowest price of paddy per dan is now seen in Sanshui County, which came to 40.5 yuan on the average.

The declining prices of paddy have affected the income of peasants, and especially of specialized grain growers. For example, a specialized rice grower, called (Wu Pingquan), at (Shalang) Town of Zhuangshan County, is a contractor of 80 mu of paddy field. This year the output of paddy on the 80 mu of contracted paddy field reached 64,000 kg, 5,700 kg more than last year. Nevertheless, his income this year is expected to be 15,000 yuan less than last year because of the drop of paddy prices. [passage omitted]

To protect the enthusiasm of rice growers, local governments demand that grain departments adopt effective measures to purchase paddy at negotiated prices.

Guangxi Exports Bounce Back After Decline

OW2811112989 Beijing XINHUA in English 1041 GMT 28 Nov 89

[Text] Nanning, November 28 (XINHUA)—Exports in Guangxi Zhuang Autonomous Region have bounced back after a fall in June, to reach 460 million U.S. dollars at the end of October, 3.1 percent higher than in the same period last year.

Wen Sixin, director of the regional Bureau of Foreign Economic Relations and Trade predicts this year's export volume will equal or exceed last year's.

The director hopes local banks will continue to cooperate with local exporters to ensure an increase in export volume this year.

Last year, the region's exports totaled 544 million U.S. dollars.

The director is confident because the region has established stable business ties with more than 5,000 customers in over 130 countries and regions.

Guangxi Holds Meeting on Tax, Price Inspection

HK2511063689 Nanning Guangxi Regional Service in Mandarin 1100 GMT 24 Nov 89

[Excerpts] According to reports by this radio station, yesterday [23 November] evening, the people's government of the Guangxi Autonomous Region held a telephone meeting on the region's general inspection of taxation, financial affairs, and commodity prices. The meeting was presided over by Chen Ren, vice chairman of the regional people's government. Wei Chunshu, regional chairman, and Yan Sanzhong, leader of the general inspection group sent by the State Council, spoke at the meeting.

Chairman Wei Chunshu first affirmed the initial results obtained in the region's general inspection of taxation, financial affairs, and commodity prices this year under the leadership of party committees and governments at all levels, with the help and promotion of the State Council's working group, and with the concerted efforts of departments concerned at various levels. By the end of October, the region already found that 143.94 million yuan was handled in violation of discipline. Of this sum, 23.02 million of the 77.36 million yuan which should be handed over to the state has been duly handed over.

In light of the spirit of fifth plenary session and the situation of general inspection work already carried out in the region, Chairman Wei Chunshu put forward how to deepen this year's general inspection of taxation, financial affairs, and commodity prices and to better fulfill various tasks in this respect in the next stage: 1) It is necessary to continue to seek unity in thought and understanding and to seriously strengthen leadership over the general inspection. The leadership responsibility system should be implemented at various levels. [passage omitted] 2) It is necessary to do a good job in making up, item by item, any work undone in four aspects of the inspection strictly in accordance with notices issued by the State Council and the regional government. Special emphasis should be made in uncovering small treasures. 3) Properly carry out key inspection work. Properly grasp organizational work to ensure sufficient personnel for key inspection work. [passage omitted] Inspection personnel should be properly organized for key inspection work. In carrying out key inspection work, attention should be focused on major units and major and important cases. 4) It is necessary to investigate and sternly deal with acts violating discipline and law. Strictness should be emphasized in this year's

general inspection. All problems found which involve violation of discipline and law, especially by units which have repeatedly violated discipline and law year after year, must be thoroughly investigated and severely punished according to law. 5) Funds recovered should be promptly handed over to the state and under no excuse should the handing over of such funds be delayed.

Xu Shijie Addresses Hainan Work Meeting

*HK2311113389 Haikou Hainan Provincial Service
in Mandarin 2300 GMT 20 Nov 89*

[Excerpts] The work meeting of the provincial party committee was held in the auditorium of the provincial party committee yesterday morning [19 November]. The task of the meeting is to relay and study the relevant documents of the party's fifth plenary session and the spirit of the central work conference and, in coordination with the reality, work out measures to further improve the economic environment, rectify the economic order, and deepen the reform.

Provincial Secretary Xu Shijie presided over the meeting and made a speech. He said: In relaying and studying the spirit of the central fifth plenary session, it is necessary to combine with the reality in Hainan and the work of laying a foundation. During the meeting we should not talk more about our impressions in general terms but should realistically study and solve three problems: First, it is necessary to reach a consensus, have a clear understanding of the situation, strengthen confidence, overcome pessimistic sentiments and incorrect ideas and, under the guidance of the spirit of the fifth plenary session, make great efforts to apply the policies satisfactorily and sufficiently. Second, we should concentrate on grasping agricultural development, especially grain production and the development of tropical crops. He said: The current meeting has raised agriculture to a very important status, regarding agriculture as the foundation of economic, political, and social stability. Recently, Comrades Jiang Zeming and Li Peng also mentioned the importance of agriculture on many occasions. The Hainan Special Region is not like other special zones. Agriculture is still its pillar and the key to its development. Therefore, in laying a good foundation, we firmly grasp agriculture. Third, we should make further efforts to improve the economic environment, rectify the economic order, and deepen the reform. Economic rectification is not tantamount to marking time. We should calm down, reflect, and make readjustments. In deepening reform we should pay attention to the stability and continuity of policy so that our specific measures and policies can be constantly improved and, in the course of laying a good foundation, constantly [word indistinct].

At the meeting, Liu Jianfeng, provincial party committee deputy secretary and governor, Wang Yuefeng, provincial party committee standing committee member and vice governor, and Dong Fanyuan, secretary of the

provincial discipline inspection commission respectively relayed the relevant documents of the fifth plenary session. [passage omitted]

Hainan Party Meeting Discusses Plenum Spirit

*HK2011122289 Haikou Hainan Provincial Service
in Mandarin 2300 GMT 17 Nov 89*

[Text] The provincial party committee held an enlarged meeting between 16 and 17 November to listen to and implement the spirit of the 5th Plenary Session of the 13th CPC Central Committee.

Provincial party committee Secretary Xu Shijie and Deputy Secretary Liu Jianfeng conveyed the relevant documents of the fifth plenary session. All meeting participants supported the decisions made at the fifth plenary session, noting that the session profoundly summed up experiences and lessons in the 40 years since the founding of New China, and especially in the 10 years of reform and opening up, and that this is of far-reaching significance in guidance for the future economic development of our country, and for the work of building the Hainan Special Economic Zone.

The meeting stressed that it is necessary to implement and study the fifth plenary session spirit in the light of actual conditions in Hainan. Hainan's economic order was indeed in confusion in the past few months and confronted with some problems. Continued efforts must be made to set Hainan's economy in order in the spirit of the fifth plenary session. Guided by the session spirit, we must grasp the the central No. 24 and 26 documents and properly carry out the policies formulated for Hainan to develop Hainan's economy with intensified effort, and carry on the pioneering spirit of plain living and hard struggle to lay a solid foundation for Hainan's future development. Meanwhile, it is necessary to promote agricultural production, and particularly grain production, accelerate construction of some major projects to bring along the development of other economic sectors, gradually lower market prices and improve people's living standards so that the Hainan Special Economic Zone will develop on a sustained, stable and harmonious basis.

The meeting called on all departments of the whole province to have the Fifth Plenary Session spirit studied and implemented, unify the thought of all party organizations and their members in the spirit of the Fifth Plenary Session, make a serious analysis of the political and economic situation in our province, face up to and solve some problems that might crop up in construction, do our utmost to minimize the losses caused by typhoons to our province and do well in all fields of work.

The meeting also discussed public security, industrial and agricultural development, telecommunications and communications.

Foreign Exchange Trade Brisk in Hainan*OW2211114589 Beijing XINHUA in English
0702 GMT 22 Nov 89*

[Text] Haikou, November 22 (XINHUA)—Foreign exchange regulation business is steadily increasing in south China's Hainan Province, though the business is declining in many other parts of the country as a result of the present austerity policy.

The monthly business volume of the province's foreign exchange regulation center is now 30 to 40 million U.S. dollars up from 20 million last August.

Since it was set up in October of 1987, the center has transacted 370 million U.S. dollars in business, making it one of the country's major foreign exchange regulation centers.

With several business offices around the province, the center has promoted the development of enterprises by helping them get much-needed foreign exchange or renminbi (Chinese currency) through mutual cooperation.

The center has been especially convenient for the 800 foreign-funded enterprises in Hainan, most of whom invest with foreign exchange but have to pay workers' salaries and purchase production materials with renminbi.

A deputy general manager of the Hong Kong and Macao International Investment Company, which has invested over 80 million U.S. dollars in Hainan, said his company could not operate without help from the foreign exchange regulation center.

Wuhan Radio Comments on 'Six Vices'*HK2411084389 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 20 Nov 89*

[Station commentary: "Wipe out Ugly Phenomena, Purify Social Values"]

[Text] The crimes of abducting and selling women and children, and the activities of engaging in prostitution and patronizing prostitutes are ugly phenomena which our socialist system will never tolerate. They not only corrupt social values and undermine social order, but also seriously ruin the physical and mental health of women and children, harm national quality, and bring calamity to future generations. They also directly affect the successful operations of economic rectification and the building of two civilizations.

Cracking down on the crimes of abducting and selling women and children, and banning the activities of engaging in prostitution and patronizing prostitutes are an important component part of the elimination of the six vices stipulated by the central authorities, a practical action to implement the guidelines of the 4th and 5th Plenary Session of the 13th CPC Central Committee, a concrete aspect of opposing bourgeois liberalization, and a systems engineering project of the whole society. We

are sure that, so long as all departments and units throughout the province will conscientiously act according to the requirements of the meeting, we shall be able to create conditions for curing and wiping out these ugly phenomena and purifying social values.

Hubei Cracks Down on Prostitution, Other 'Vices'*HK2411084789 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 20 Nov 89*

[Text] The Hubei provincial work meeting on cracking down on the crimes of abducting and selling women and children, and banning the activities of engaging in prostitution and patronizing prostitutes ended yesterday. Provincial party committee standing committee member Tian Qiyu and Vice Governor Han Hongshu spoke at the meeting.

The meeting pointed out: Over the past few years, by launching struggle against and administering special cases the public security organs at all levels throughout the province have cracked some cases of abducting and selling people, smashed up a number of gangs or centers engaging in prostitution, liberated a number of abducted women and children, and detained and educated those engaging in prostitution and patronizing prostitutes. Satisfactory results have been attained. However, affected by the trends of thought of bourgeois liberalization and corroded by decadent, declining ideas, the crimes of abducting and selling women and children, engaging in prostitution, and patronizing prostitutes are still quite serious. In many places, they tend to develop and spread.

According to statistics of cases placed on file by the procuratorial, judicial, and public security organs, between January and October this year, the number of cases of abducting and selling women and children rose by nearly 200 percent over the same period last year. The methods by which the crimes are committed have become more cunning and ferocious. This has become a great public scourge corrupting social values. The broad masses of the people hate this very much and make a strong response.

The meeting called on party committees, governments, and public security organs at all levels to resolutely implement the spirit of the State Council's telephone conference on wiping out six vices and, taking advantage of the current opportune moment in implementing the guidelines of the 4th and 5th Plenary Sessions of the 13th CPC Central Committee and launching a united nationwide action to wipe out six evils, make this an important item on their agendas and strive to attain results this coming winter or next spring.

It is necessary to crack down hard and promptly on the criminal activities of abducting and selling children once they are detected, and to destroy all criminal gangs that are discovered. We must be thorough in exterminating these vices. Resolute actions should be taken to ban the activities of engaging in prostitution and patronizing

prostitutes in coordination with the struggle to wipe out pornography and to enforce management of public order. Those who refuse to mend their ways after repeated admonitions should be dealt with according to the law. Those criminals who induce, accommodate, or force women to engage in prostitution must be severely and promptly punished.

Commentator Says Hubei Rural Policies Unchanged

*HK2011092189 Wuhan HUBEI RIBAO in Chinese
6 Nov 89 p 1*

[Commentator's article: "The Rural Policies Remain Unchanged"]

[Text] We recommend to readers Zaoyang City's practice of stopping some villages and groups unilaterally tearing up contracts. Our aim is to tell the vast numbers of peasant brothers, as well as all comrades who are concerned about rural reform and development, that all policies, including household contracted operations, instituted in the rural areas since the 3d Plenary Session of the 11th CPC Central Committee are unchanged and will remain unchanged.

In his National Day speech, Comrade Jiang Zemin pointed out: "Continued efforts should be made to deepen the rural reform, carry out stable rural policies, improve numerous forms of the contracted responsibility system with payment linked to output, and establish and improve a service system before, during, and after production." This clearly tells us that, to promote the development of the rural economy, it is absolutely necessary to maintain the stability of the existing policies.

The rural policies should not be changed but should be stabilized, because the present management responsibility system, which comprises mainly the system of contracted responsibilities with payment linked to output, is in keeping with the development level of most rural productive forces and helps arouse the production enthusiasm of the masses of peasants. This has been proved in practice. In the last 10 years, spurred on by the reform, all trades and professions in our province's rural areas have developed vigorously. Grain output has risen from 17.25 million tonnes to 22.52 million tonnes; the peasants' annual per capita net income has progressively increased by 15.5 percent annually, 12.7 percentage points higher than the average growth rate in the first 30 years after the founding of the PRC.

Another reason for not changing the existing policies is that the various kinds of contracted responsibility systems with payment linked to output which are instituted in rural cultivated land, rivers, lakes, hill farms, and other resources, do not change the nature of collective ownership. In terms of management structure, they have abolished the defects of the practice of "everybody eating from the same big pot" and make it possible to adhere more satisfactorily to the rural socialist orientation.

Naturally, stability and improvement are not antagonistic to each other. With the development of the rural productive forces, all kinds of contracted responsibility systems with payment linked to output are bound to be added with new meanings. However, in supplementing or revising the rural policies, there must be one precondition, namely, they should conform to the aspirations of the great majority of peasants and be conducive to the development of the productive forces. On no account should we run counter to the aspirations of the peasants and engage in the practice of rushing headlong into mass action.

We hope that similar cases of unilaterally tearing up contracts will not happen in other localities. We also hope that, like the Zaoyang City CPC Committee and government, party and government departments in all localities will take immediate action to solve all unstable factors in the implementation of policies once they are detected, so that the enthusiasm for socialism of the peasant masses throughout the province can continuously run high.

Hubei Confronts Imbalanced Budget

*HK2011122689 Wuhan Hubei Provincial Service
in Mandarin 1100 GMT 17 Nov 89*

[Text] Our province is meeting the stern challenge of fiscal balance. By the end of October this year, budgetary revenues increased by 5.93 percent over the same period of last year but budgetary expenditures rose by 11.76 percent. This has made it more difficult to carry out the financial work of the remaining 2 months of the year.

In this connection, the provincial Financial Department adopted 10 measures and called on local financial departments at different levels to control transfer of financial resources, attach importance to tax collection, carry out the double-increase and double-economy work in a deepgoing way, cut down administrative expenses to a great extent, tighten controls over social group purchasing power, prohibit wanton spending at the end of the year, and combat extravagance and waste so as to strive for a good fiscal balance in the province.

Hubei Collects Delinquent Tax Revenues

*HK2311095589 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 18 Nov 89*

[Excerpts] Our province has achieved marked results in examining and straightening out taxation among individual industrial and commercial units.

In the 3 months from 1 August to the end of October, more than 146 million yuan had been recovered from taxes evaded by individual industrial and commercial units, of which over 125 million yuan had been handed to the state treasury. [passage omitted] Throughout the province, 1,357 industrial and commercial units which had dodged paying taxes of over 10,000 yuan were uncovered, of which there were 38 units which had

evaded paying taxes of over 100,000 yuan. Those who had been involved in serious tax evasion and tax resistance were severely punished. About 170 cases of serious tax evasion and tax resistance were submitted to judicial organs and of which 119 have been solved.

Hunan Advances Against 'Six Vices'

HK2111094089 Changsha Hunan Provincial Service in Mandarin 2300 GMT 19 Nov 89

[Excerpts] The provincial office for wiping out six vices gave its first press conference in Changsha on the morning of 16 November.

Responsible persons of the provincial Public Security Department, the provincial Women's Federation, the provincial Trade Union Federation and the provincial Communist Youth League committee gave at the meeting, an account of the consequences of the six vices—prostitution and patronizing prostitutes; producing, selling and disseminating pornographic materials; abducting and selling women and children; secretly growing, taking and trafficking in drugs; organizing gambling; and using feudal and superstitious beliefs to swindle money and harm people. They pointed out that these social vices had poisoned the social mood and contaminated people's souls as well as endangered the people's health physically and mentally. Whoring and visiting whorehouses have led to the spread of venereal diseases, directly damaging people's health and bring calamity upon the coming generations. Women abducted are in a miserable plight, some being raped and even raped by arms and some being bitterly beaten, detained and even tortured to death. [passage omitted]

Responsible persons of the departments concerned called on at the press conference, cadres, workers, peasants to rise to action immediately to fight a battle of annihilating the six vices. They also warned those who are guilty of those crimes that they should cease their activities right away and own up to their crimes to repent and make a fresh start.

Science, Technology Boost Hunan Grain Output

OW2211020589 Beijing XINHUA Domestic Service in Chinese 1306 GMT 21 Nov 89

[By reporter Cao Guanghui (2580 0342 2547); "Local Broadcast News Service"]

[Text] Changsha, 14 Nov (XINHUA)—It has become a popular belief in rural Hunan in recent years that rural households should be knowledgeable in farming science and technology in order to have a prosperous countryside and higher grain output. This popular belief is based on important experience gained by the Hunan provincial party committee and the provincial government from organizing the peasants to reap a bumper grain output.

Hunan's early, intermediate, and late rice as well as upland cereal crops have all registered higher output this

year. The total grain output this year has reached more than 26.5 billion kg, exceeding the level of last year by more than 1.15 billion kg. Not only has this exceeded the plateau of the preceding 5 years, but it also has set a record high. In addition to cereal crops, the province also has reaped a bumper harvest of cotton, rapeseed, sugarcane, tobacco, fruit, and other crops.

Hunan's grain output reached a standstill after it set a record high in 1983. To put an end to this situation, the provincial party committee and government have taken the powerful measure of boosting grain output through promoting farming science and technology.

In addition to developing hybrid rice, a technology in which Hunan is skilled, the province has restructured the farming layout by redemarcating grain acreage and expanding the double cropping rice as much as possible. By doing this, the province has expanded the paddy fields by more than 800,000 mu.

Propagating modern farming techniques through providing technical farming services in the rural areas is another important factor contributing to Hunan's high grain output this year. Since last winter and this spring, the province has developed 6 million mu of high yield cropland and improved the soil fertility of more than 4.9 million mu of low or intermediate yield cropland. Such advanced farming techniques as applying the right kind of fertilizer according to the quality of soil, double seedling transplanting [shuang zhu ji cha 7175 2701 1376 2252], two-stage seedling cultivation, transplanting and cultivating seedlings with straw wrappings, chemical weeding, using output boosting bacteria, and controlling insect pests with comprehensive measures have been applied to a much larger acreage than last year.

Meanwhile, 90 percent of the counties in Hunan now have deputy magistrates who are knowledgeable in farming science and technology. Some 10,000 cadres, scientists, and technicians have left their offices to work in the rural areas to conduct investigations and studies and to set up demonstration farms. Their efforts have played a positive role in improving this year's agricultural production and boosting the province's grain output this year.

Hunan Leaders Condemn 'Six Vices'

HK2311080989 Changsha Hunan Provincial Service in Mandarin 2300 GMT 20 Nov 89

[Text] A provincial experience-exchange meeting on comprehensive management of social order in cities and towns concluded in Zhuzhou yesterday. Provincial party and government leaders Cheng Bangzhu and Dong Zhiwen demanded at the meeting that party committees and governments at all levels should strengthen their leadership, organize all forces in society, and fully mobilize the masses in carrying out comprehensive management of social order so as to provide a stable social environment for the smooth development of economic improvement and rectification and deepening reform.

Dong Zhiwen said: Comprehensive management of social order should focus on cities, towns, and key transportation lines so as to enliven the rural areas. This comprehensive management should proceed in combination with the elimination of six harmful factors. Cities, towns, and the rural areas should take the elimination of six vices as their main task in comprehensive management.

In his speech Governor Cheng Bangzhu urged party committees and governments at all levels to resolutely change the practice of being strict in one aspect and lax in another, to pay attention to political stability and social tranquility while carrying out reform, opening up, and economic construction, to have a better idea of the tasks and duties of various departments, to bring about a good cooperative atmosphere, to strengthen propaganda work, and to educate the masses so that they will improve their ideological consciousness and acquire a better legal mentality.

Southwest Region

Guizhou Leaders View Water Conservation Project

HK2611003889 Guiyang Guizhou Provincial Service
in Mandarin 2300 GMT 21 Nov 89

[Excerpt] Provincial party and government leaders Liu Zhengwei, Wang Chaowen, Ding Tingmo, Liu Hanzhen, Long Zhiyi, Gong Xianying, Zhang Yuqin, and Wang Anze yesterday [20 November] joined local people in the winter maintenance work of the Qingyan water conservation project in Huaxi District, Guiyang City.

Liu Zhengwei and other leading comrades worked together with some 1,000 party and government cadres and peasants from Huaxi District and other districts of Guiyang City. While dredging ditches, they chatted with peasants and grass-roots cadres around them and asked them about the progress made in the water conservation project.

In conversation Comrade Liu Zhengwei said: Today our leading people at all levels have attached more importance to agriculture, especially to grain production. Now the key lies in our action to promote water conservation work. For the present and in the future, our leading comrades at all levels, from the provincial, prefectural, and county levels down to the district and township levels, should take part in voluntary labor at construction sites. While joining in voluntary labor, they should also give a hand to solve some actual problems on the spot, and personally organize and lead the masses to plunge into water conservation work. In building water conservation facilities, we must uphold three principles. To put it precisely, we must uphold the principle of self-reliance, focus our attention on maintaining and repairing existing water conservation facilities and on linking the existing facilities into networks, and run water conservation projects mainly with funds raised among the masses and by mobilizing local people to take part in construction work. On this basis we will try our

best to increase financial appropriations, and we will also start some large and medium-sized water conservation projects. If we can carry on this way, there will be bright prospects for an increase in our province's grain output. [passage omitted]

Guizhou Leaders Attend Trade Union Celebration

HK2211033989 Guiyang Guizhou Provincial Service
in Mandarin 2300 GMT 20 Nov 89

[Text] Yesterday [20 November] was the 40th anniversary of the founding of the Guizhou Provincial Federation of Trade Unions. Some 100 young and old trade union workers who have contributed toward the Guizhou workers' movement and trade union work held a meeting in Guiyang yesterday to look back on the trade union work over the past 40 years and to discuss the work of creating a new situation in the trade union work of our province during the new situation of reform and opening up.

Leading comrades of the provincial party, government, and Army, including Liu Zhengwei, Wang Chaowen, Su Gang, Zhang Yuhuan, Miao Chunting, Ding Tingmo, Long Zhiyi, Liu Hanzhen, Liu Yulin, Zhang Yuqin, and (Zhang Jizhong), attended yesterday's celebration meeting.

On behalf of the provincial party committee and provincial government, Ding Tingmo, deputy secretary of the provincial party committee, conveyed cordial greetings and extended lofty respects to the previous and present leading comrades of the Provincial Federation of Trade Unions, veteran retired comrades of the trade union system, and the trade union workers of the whole province. He said: The main task of the trade unions at all levels of our province is to organize and mobilize the workers to seriously study and implement the spirit of the 4th and 5th Plenary Sessions of the 13th CPC Central Committee. Under party leadership, the trade unions at all levels must penetratingly conduct education in the political situation, with curbing disturbance, suppressing rebellion, and combating bourgeois liberalization as the central content and must penetratingly conduct education in the economical situation, with improvement, rectification, and deepening reform as the key point. They must lead the staff members and workers to correctly understand the present economic situation to strengthen their confidence, inspire their enthusiasm, and make concerted efforts to overcome difficulties.

Ding Tingmo said: 1989 will pass very quickly. The trade unions at all levels of our province must mobilize the staff members and workers to try in every possible way to overcome difficulties, to strive to fulfill this year's quotas for production, and to make good preparations for next year's production. They must work hard to maintain a due increase in the economic development of our province.

At yesterday's meeting, (Liao Xianhong), chairman of the Provincial Trade Union Federation; and Miao Chunting.

(Ling Yinyuan), and (Wang Siqu), who held the leadership posts of the Provincial Trade Union Federation, looked back on the situation in the founding and development of the Provincial Trade Union Federation.

At the meeting, honorary certificates were also conferred on 111 trade union workers who have engaged in the trade union work for over 30 years.

Tibet Official on Screening, Rectifying Companies

*HK2711063789 Lhasa Tibet Regional Service
in Mandarin 1130 GMT 20 Nov 89*

[Excerpts] On the afternoon of 20 November, the regional people's government held a regional telephone conference to relay the spirit of the national forum on screening and rectifying companies and the important speeches by the leading party Central Committee and State Council comrades and to make arrangements for the next phase of the work of screening and rectifying companies in our region.

Mao Rubai, deputy secretary of the regional party committee, executive vice chairman of the government, and leader of the regional leading group for screening and rectifying companies, spoke at the meeting. [passage omitted]

Since launching the work of screening and rectifying companies in November 1988 our region has attained some achievements. We have banned and abolished a number of companies. At present, the work of screening companies in a selective way is being conducted continuously and in a deepgoing way. [passage omitted]

Comrade Mao Rubai pointed out: The next phase of the work of screening and rectifying companies will be carried out in two stages. The first stage will deal with the problems of some companies in operations and management, distinguish between different conditions, put forward views on screening and rectifying them, and decide on the plan to abolish, merge, and preserve companies. Regarding companies which have major economic problems, engage in illegal conduct, which have been set up in duplicate and therefore have no need to exist, and which fail to separate government work and enterprise work, it is necessary to adopt proper measures to ban, abolish, or merge them as necessary. The second stage will deal with the financial accounts of companies before their abolition and place on file the cases of those companies which have major economic irregularities and which engage in illegal conduct. The first and second stage work should be completed by the end of this year or the first quarter of next year. [passage omitted]

He said: The work of screening and rectification should be closely integrated with the annual renewal of enterprise licenses by the industrial and commercial administrative organs. Regarding companies set up in Tibet by other provinces, cities, and Army units, they should also be conscientiously screened and rectified according to the relevant provisions.

(Fan Wanbing), deputy secretary general of the regional people's government, presided over the telephone conference and put forward specific demands on the work of screening and rectifying companies.

Reportage on Yunnan Party Plenary Session

Plenum Ends 20 Nov

*HK2711000289 Kunming Yunnan Provincial Service
in Mandarin 1100 GMT 21 Nov 89*

[Excerpts] The Sixth Plenary Session of the Fourth CPC Yunnan Provincial Committee concluded in Kunming on 20 November.

The session earnestly studied and grasped the essence of the 5th Plenary Session of the 13th CPC Central Committee, discussed and approved the report made by Nie Ronggui on behalf of the provincial party committee standing committee at the sixth meeting of the Fourth CPC Yunnan Provincial Committee, and approved the report made by He Zhiqiang in the name of the provincial party committee Standing Committee on further improving the economic environment, straightening out the economic order, deepening the reform, and striving to achieve a sustained, stable, and harmonious economic development.

Pu Chaozhu delivered at the session an important speech on studying and implementing the essence of the 5th Plenary Session of the 13th CPC Central Committee.

The session supported the CPC Central Committee's decision adopted at the 5th Plenary Session of the 13th CPC Central Committee on further improving the economic environment and straightening out the economic order and deepening the reform, and the decision of the fifth plenary session endorsing Comrade Deng Xiaoping's resignation from the chairmanship of the CPC Central Committee Military Commission. The session also supported the decision on Jiang Zemin being chairman of the CPC Central Committee Military Commission and on arrangements for other personnel of the CPC Central Committee Military Commission, supported the high evaluation made at the fifth plenary session on Comrade Deng Xiaoping's outstanding service, and extended high regards to Comrade Deng Xiaoping.

All members of the fourth provincial party committee pledged their determination to lead the people of the whole province to rally closely around the party Central Committee with Comrade Jiang Zemin as its nucleus, to earnestly study and carry out the essence of the fifth plenary session, and to fulfill the tasks of economic improvement and rectification, and in-depth reform.

In his work report, Nie Ronggui pointed out: The provincial party committee has grasped the following aspects in its work of this year. 1) Persisting in the policy of maintaining stability and unity and taking effective measures to check social disturbances. 2) Resolutely

implementing the policy of improving the economic environment and straightening out the economic order and deepening the reform. 3) Working hard to ensure a steady development of industrial and agricultural production and a sustained increase in revenue. 4) Extensively conveying and earnestly studying the essence of the 4th Plenary Session of the 13th CPC Central Committee and important speeches by Comrade Deng Xiaoping and strengthen ideological and political work. 5) Strengthening party leadership and making strenuous efforts to establish the system of clean government. 6) Earnestly carrying out the work of purifying, examining, and reassessing cadres. 7) Strengthening work on nationality affairs. 8) Straightening out the social order, dealing heavy blows at serious crimes including serious economic crimes, and launching a campaign against pornography on a large scale. The report on work of the provincial party committee emphasized its tasks ahead as follows: to earnestly study and implement the essence of the 5th Plenary Session of the 13th CPC Central Committee, seek unity of thinking on the current situation in the whole party, work hard in a down-to-earth manner, resolutely fulfill all tasks of improving the economic environment and straightening out the economic order and deepening the reform, continue to strengthen party building and the work of developing a system of clean government, increase public security, continue to crack down on all criminal activities, and wage a struggle against six evils in a big way.

In his report, He Zhiqiang laid stress on the views of the provincial party committee on improving the economic environment, straightening out the economic order, deepening the reform and striving to achieve a sustained, stable, and concord economic development in our province. He pointed out: Proceeding from the actual situation in Yunnan, this year we have earnestly carried out the important central policy of carrying on economic improvement and rectification and deepening the reform by adopting a number of measures and achieved initial results in this area of work. Speaking on problems our province is facing, He Zhiqiang emphasized: The difficulties and problems in our economic work are difficulties in the course of advance and problems in the course of development. We have conditions and confidence to overcome them.

In line with actual conditions in Yunnan, He Zhiqiang set objectives and tasks for improving the economic environment and rectifying the economic order and deepening the reform in the coming 3 years or more. He pointed out: The current economic improvement and rectification is focused on relaxing the overstripping of social total supply by total demand. Its crux is to gradually stem mounting inflation and its goal is to set the province's economy on a course of sustained, stable, and coordinated development. [passage omitted]

Speaking on the guiding ideology for our economic work in his speech, Pu Chaozhu pointed out: We should not be overanxious for quick results from economic construction, nor should we be impatient for success from

economic improvement and rectification as well as from the reform. Only by so doing will we be able to avoid major ups and downs, to ensure a sustained, stable, and coordinated economic development of our country in a long time to come, and to attain the strategic goal of redoubling the GNP of our country by the end of this century.

The session pointed out: In accordance with the decision adopted at the 5th Plenary Session of the 13th CPC Central Committee on basically completing the task of improving the economic environment and straightening out the economic order in 3 years or more, our province must attain the following major targets in improving the economic environment and straightening out the economic order: To slow down the inflation rate to gradually bring the provincial rate of retail price increases under 10 percent. To control the money supply within the targets set by the state and strive to recover more banknotes from circulation. To make efforts to increase revenues by cutting financial expenditures, to continue to strive for a balance of revenue and expenditure of the province, and to help all counties gradually raise their degree of self-sufficiency in revenue. To maintain appropriate economic growth rate and keep the average growth rate of industrial gross output value at 7 percent and that of agricultural total output value at about 4 percent. To further improve the irrational industrial and agricultural structure, put an end to the stagnant status in grain production, and strive for a steady increase in industrial crops such as cured tobacco, sugarcane, tea, and rubber. To ease strains in energy, raw materials, and transport and strengthen macroeconomic control. To attain the aforementioned targets, it is necessary to firmly grasp the four important links as noted by the central authorities in the endeavor to improve the economic improvement and straighten out the economic order: Continued efforts should be made to cut the total social demand, persistently carry out the policy of tightening control over finance, credits, and loans, and be determined to lead a thrifty life for several years. Vigorous efforts should be made to readjust the industrial structure, increase the effective supply, and strengthen the staying power of economic development and efforts must be made to straighten out the economic order so as to overcome the serious confusion in the realms of production, construction, circulation, and distribution. The campaign of increasing production and practicing economy, of increasing revenue and cutting expenditure should be deepened and hard efforts should be made to achieve better economic results in all fields of work. [passage omitted]

The plenary session held that a stable development of agriculture is the foundation of economic, political, and social stability. It is imperative to mobilize all forces to work with concerned effort to accelerate the development of agriculture and strive to be self-sufficient in grain throughout the province in 6 years. [passage omitted]

Resolution Adopted

*HK2711043189 Kunming Yunnan Provincial Service
in Mandarin 1100 GMT 21 Nov 89*

[Text] The following is the text of the resolution adopted at the Sixth Plenary Session of the Fourth CPC Yunnan Provincial Committee on 20 November 1989.

The 6th Plenary Session of the 4th Yunnan Provincial CPC Committee earnestly studied documents relating to the 5th Plenary Session of the 13th CPC Central Committee and unanimously supported all decisions adopted at the 5th plenary session. It highly evaluated the outstanding service of Comrade Deng Xiaoping to our party and state. Comrade Deng Xiaoping is an outstanding Marxist; staunch communist; brilliant proletarian revolutionary, statesman, and military strategist; and an acknowledged outstanding leader, who enjoys high prestige among the people of all our nationalities. All the participants in the session respected him highly for his significant contributions in various historical periods of the revolution and construction led by the party and for setting an example in earnestly abolishing the life-long tenure of leading posts.

The session held that the CPC Central Committee's decision adopted at the 5th Plenary Session of the 13th CPC Central Committee on further improving the economic environment and straightening the economic order and deepening the reform is a programmatic document which contributes to the unification of thought between the whole party and the people of the whole country in understanding the current economic situation, overcoming the temporary economic difficulties, and achieving a sustained, stable, and coordinated economic development. We must make vigorous efforts to implement the document and convey its essence to all grass-roots units for implementation.

The session agreed to the work report made by Comrade Nie Rongui on behalf of the provincial party committee Standing Committee. The report, which sums up this year's work and sets forth the guiding ideology, major tasks, and basic measures to be adopted our future work, is in keeping the basic spirit of the 4th and 5th Plenary Sessions of the 13th CPC Central Committee and tallies with actual conditions in Yunnan.

The session maintained that under the leadership of the provincial party committee, this year party organizations at different levels and all party members of the province have done a great deal of useful work and resolutely implemented all policies and plans formulated by the party Central Committee. The session agreed to the plan put forward by Comrade He Zhiqiang on behalf of the provincial party committee Standing Committee for further improving the economic environment, straightening out the economic order, and deepening the reform. It maintained that the plan analyzed the economic situation in Yunnan in an all-around way and set practical times, targets, tasks, and measures for improving the economic environment, straightening out

the economic order, and deepening the reform in the spirit of the central authorities' decisions. The plenary session pointed out that while carrying out the task of economic improvement and rectification, it is essential to grasp the four important links of cutting the total social demand, readjusting the industrial structure, straightening out the economic order, and unfolding the double-increase and double-economy campaign. The task of economic improvement and rectification should be fulfilled in 3 years or so. Meanwhile, special efforts must be made to strengthen the basic industries, including agriculture and construction of the infrastructure, and increase the staying power of economic development so that our province will develop its economy in a sustained, stable, and coordinated way as quickly as possible. Party organizations at different levels should give full play to their roles as a leadership core and a fighting force, earnestly study and implement the spirit of the 5th Plenary Session of the 13th CPC Central Committee, seek unity of their thinking and action, and carry out all fields of work in a down-to-earth manner. While working hard to develop material civilization, it is essential to conscientiously build spiritual civilization. Continued efforts must be made to develop the system of clean government, improve the party's work style, eliminate all kinds of corruption, combat bureaucratic practices, uphold the principle of serving the people wholeheartedly, and restore and develop the flesh-and-blood ties of the party with the masses of the people. It is necessary to foster the idea of taking the overall situation into account, strictly observe organizational discipline, and resolutely oppose decentralization. Vigorous efforts must be made to strengthen ideological and political work, earnestly study the basic theory of Marxism-Leninism-Mao Zedong Thought, and carry out long-term education on adhering to the four cardinal principles and on long-term struggle against bourgeois liberalization, to ensure that the task of improving the economic environment, straightening out the economic order, and deepening the reform can be carried out without a hitch.

The plenary session called on all members of the CPC and the Chinese Youth League, as well as people of all nationalities, to rally closely around the party Central Committee, with Comrade Jiang Zemin as the nucleus, and persist in following the basic line, principles, and policies formulated since the 3d Plenary Session of the 11th CPC Central Committee. The session called on members to brace themselves, build up confidence, rouse themselves for vigorous efforts to make the country prosperous, carry forward the glorious traditions of self-reliance, working hard to build up the country, taking the overall interests into account, and sharing weal and woe, and work unremittingly to consolidate and develop the province's political situation of stability and unity, strive for the victory of economic improvement and rectification and in-depth reform, and push forward the great cause of socialism.

Yunnan Cracks Down on Prostitution, Pornography
HK2511045889 Kunming Yunnan Provincial Service
in Mandarin 1100 GMT 24 Nov 89

[Text] According to reports by this radio station, the provincial people's government recently issued a notice urging various localities and departments to seriously mobilize all social sectors to resolutely eliminate prostitution and patronizing prostitutes; producing, selling, and disseminating pornographic materials; abducting and selling women and children; secretly growing, taking, and trafficking drugs; organizing gambling; and using feudal and superstitious beliefs to swindle money and harm people. These disgusting social phenomena are called the six vices.

The notice points out: All the six vices, including prostitution and patronizing prostitutes and other evil activities, are criminal offenses that violate the law and must be resolutely banned and prohibited. Habitual offenders, hardened criminals, ringleaders of criminal gangs, and those who are involved in serious cases or cases with serious consequences shall be severely dealt with and punished according to law. Those who have committed minor offenses or who have not sunk very deep into the quagmire of crime shall be disciplined by public security organs according to regulations concerning social order or shall be given administrative disciplinary sanctions by organizations to which they belong. Organizations, neighborhood committees, and rural grass-roots organizations concerned should also help give them education on law.

The notice says: Lenient treatment will be given according to law to all those who immediately stop their illegal activities after the promulgation of this notice and confess their criminal activities of their own accord. Offenders can render meritorious services and atone for their crimes through exposing and denouncing other criminals. Those who have performed major meritorious services shall be rewarded. Those who have been lured and misled into taking drugs occasionally shall not be investigated and no responsibility shall be affixed if they make a thorough confession to the public security departments and pledge not to repeat such offenses. Those who refuse to make a clean breast, hide or destroy criminal evidence, and continue to engage in activities of the six vices, or those who take retaliatory actions against witnesses or informants, shall be severely dealt with according to law.

The notice also contains concrete stipulations on annulling debts of gambling, coercive measures to stop drug-taking, confiscation, and destruction of pornographic materials, and compulsory detention and treatment of prostitutes and patrons of prostitutes who are suffering from venereal diseases.

In conclusion, the notice demands that various departments, organizations, schools, institutions, enterprises,

neighborhood committees, rural grass-roots organizations, railway stations, wharves, public recreational facilities, publication houses, hotels, and boarding houses should work out managerial measures, in light of actual situation, to implement the notice to prevent the appearance of the six vices. They should extensively mobilize the masses to expose and denounce such criminal activities and should resolutely wipe out the six vices. All departments concerned should, under the unified leadership of the government, give full play to their functions and jointly score a victory in wiping out the six vices.

North Region

Beijing Economic Criminals Surrender by Deadline
SK1811071789 Beijing BEIJING RIBAO in Chinese
3 Nov 89 p 1

[Excerpts] According to the news released by the municipal office for dealing blows to economic crimes on 2 November, by 31 October, the deadline set in the "notice" of the Supreme People's Court and the Supreme People's Procuratorate, 813 economic criminals in our municipality had surrendered themselves and confessed their crimes to procuratorial organs and departments concerned at various levels. According to their confessions, their crimes of embezzlement, bribe-taking, profiteering, and speculation involved 6.642 million yuan, of which 2.037 million yuan has been recovered. [passage omitted]

The time limit set in the "notice" of the Supreme People's Court and the Supreme People's Procuratorate was over. However, procuratorial organs at various levels reiterated that people with economic crimes who turn themselves in and confess their crimes would continue to receive lenient punishment but the punishment would not be as lenient as that meted out within the deadline. Those who refuse to confess their crimes and continue to resist stubbornly will be strictly punished according to law.

Student Clubs Increase on Beijing Campuses
OW1811192889 Beijing XINHUA in English
0845 GMT 18 Nov 89

[Text] Beijing, November 18 (XINHUA)—About 1,000 clubs for students have been set up in Beijing's 76 institutions of higher learning since the autumn semester started.

Literature, photographic, economics and art clubs, organized by the students themselves and led by the student unions, have made campus life more colorful and interesting.

Bridge and go-chess competitions as well as football and basketball matches are under way at Beijing University. Singing and sports contests and arts and crafts activities have been held at Qinghua University.

Qinghua University is now sponsoring the first national exhibition of scientific inventions by college students. So far more than 30 universities across the country have applied to take part.

In the People's University of China, tape recordings of songs composed and sung by students are played every day on the campus radio.

Some universities have shown films on revolutionary themes to help students better understand the revolutionary veterans' faith in communism.

Books on the life of late Chairman Mao Zedong are popular among students. Some clubs sponsor seminars on his thinking and revolutionary practice.

Mao Xinyu, grandson of Mao Zedong and a history major at the People's University, has been invited to talk about Mao's life.

Inner Mongolia Leaders Attend Commodity Exhibit

SK1711132389 Hohhot NEIMENGGU RIBAO
in Chinese 30 Oct 89 p 1

[Excerpts] The regional Economic Commission has actively helped enterprises find a way to extricate themselves from a difficult situation in which the market is sagging and goods are overstocked. The first regional exhibition to display new samples of products from the Hong Kong market and to invite tenders to digest and absorb what they have learned from these products was held in an effort to help enterprises broaden their fields of vision, change their thoughts, and strive to promote the development of new products and accelerate the updating and upgrading of products. During a preview of the exhibition held on 26 October, leaders, including Wang Qun, Zhang Dinghua, Qian Fenyong, Batubagen, Zhou Rongchang, Ma Zhenduo, and Liu Yunshan, watched the exhibition and wrote inscriptions for it. Vice Chairman Pei Yingwu attended the formal opening of bid invitations held on 29 October. Vice Chairman Liu Zuohui cut the ribbon for the opening. [passage omitted]

On 26 October, leading comrades including Wang Qun viewed the exhibition with great zest. While viewing the exhibits, Comrade Wang Qun said to leaders of the regional Economic Commission: We hope the vast number of enterprises and economic workers will think deeply about the samples of the products displayed here, find out where we lag behind in our products in the demands of foreign markets, broaden our thoughts, adopt the measure of making imitations or producing new items after absorbing what they have learned from the samples, display our region's advantages in natural resources, strive to produce new products of high technology and with strong competitiveness that can find a ready market in our region in an effort to promote enterprise updating and upgrading, and to raise the quality of products. [passage omitted]

Tianjin Conference Views Higher Education

SK171113789 Tianjin TIANJIN RIBAO in Chinese
29 Oct 89 pp 1, 4

[Text] The municipal conference on work of schools of higher learning continued on 28 October. Tan Shaowen, secretary of the municipal party committee, gave a speech. Qian Qiao, municipal vice mayor, gave specific arrangements for the several tasks that the higher educational front of our municipality should attend to currently. Attending the 28 October session were Li Yuan, Xiao Yuan, He Guomo and Yang Hui, municipal leading comrades.

Tan Shaowen pointed out in his speech: The higher educational front is a very important front. After the recent storm, we have acquired a further understanding of its importance through the harsh reality of blood and fire. Whether or not schools of higher learning can bring up successors to the proletarian revolutionary cause who meet the "four requirements" is a major issue directly related to the future and destiny of our country. The higher educational front is a key area deciding whether the entire society is stable or not. Maintaining stability in the situation of schools of higher learning is conducive to creating stability in the entire society. The work of schools of higher learning concerns the whole situation, and these schools shoulder arduous tasks and sacred responsibilities.

Tan Shaowen said: The problems of the higher educational front which were exposed through the recent turmoil were serious. Of course, we should not negate the work of schools of higher learning just because of this. We should note that our schools of higher learning have brought up and sent a great number of trained personnel to various fronts, and have made their due contributions to the four modernizations. Even in the period of the turmoil, most of their cadres and teachers had a firm and clear-cut stand. As has been proven in practice, the work of the schools of higher learning of our municipality has a solid foundation, and their teachers and cadres are good and totally reliable.

Tan Shaowen said: The investigation and clean-up work of schools of higher learning should be resolutely carried through to the end in line with the arrangements of the central authorities, and any vacillation and slackness of efforts are not permitted. Attention should be given to two aspects. On the one hand, major persons and events connected with the turmoil should be thoroughly investigated to make sure that no root of future trouble is left. On the other hand, persons involved in the turmoil in general should be dealt with in line with their different conditions, and the principle of both clarifying thinking and uniting comrades should be followed to make sure that most of these persons are united after they are educated and their understanding is enhanced. We should all the more make allowance for young students. Meanwhile, we should combine the investigation and clean-up work with the evaluation of leading bodies at various levels.

Speaking on domestic and foreign political situations and the lessons of the turmoil, Tan Shaowen pointed out: People of the younger generation are the focus of contention between domestic and foreign reactionary forces and us. Schools, especially schools of higher learning, are the outposts of the struggle to win over the younger generation. We should earnestly meditate, in retrospect, on the work of schools of higher learning, adhere to the socialist orientation of running schools, and regard it a basic task to bring up successors to the proletarian revolutionary cause. Concerning the current work of schools of higher learning, we should exert efforts to study and resolve the following issues. First, regarding the relationship between moral education and intellectual education, we should adopt measures for both of them comprehensively. We should establish within schools a system of educating people through imparting knowledge, through management and service; establish on the educational front a work system for moral education under which college and universities, and middle and primary schools coordinate and link with one another; and establish a complete system for educating people in schools, families, and society. Second, regarding the relationship between school education and social education, schools should take students' participation in social practice as an important part of the educational reform, work out teaching plans in such a way that students spend more time in the social practice of production, and lead the students to take the correct road of integrating with workers and peasants. Third, regarding the teaching of political theories, we should conduct earnest study of the targets and the content of the education and teaching methods, be careful to make the education convincing, appealing, and effective, and enhance students' ability to understand and analyze problems with a Marxist stand, viewpoints and methods and to establish a firm and correct political orientation. Fourth, regarding ideological and political work, we should strengthen leadership, correct the position of this work, clarify policies, build up a contingent for the work, and explore new methods and create new experiences on the basis that the fine tradition of ideological and political work is inherited and developed.

Tan Shaowen said: The recent turmoil posed a comprehensive test to the work of schools of higher learning. Under the current circumstances in which the economy is rather difficult and contradictions are rather complicated, it is also a test how to maintain stability in the situation of schools of higher learning and achieve success in the work of various fields.

He urged: Leading comrades of schools of higher learning should enhance their political firmness and sharpness; go deep into realities of life, work in a down-to-earth manner, and carry out ideological and political work to suit established purposes; intensify the study of Marxist theory, study well Comrade Jiang Zemin's National Day speech at present, and unify the thinking of teachers and administrative personnel; and strengthen the party building of schools of higher

learning. They should adhere to the principles of the party handling party affairs and of running the party strictly, pay attention to the work of the grass-roots party organizations of the schools, strengthen the education and management of party members, and give full play to the role of grass-roots party organizations as fighting bastions and the role of party members as vanguards and models. In conclusion, he urged the comrades of schools of higher learning to work in coordination, maintain plain living and hard struggle, and make contributions continuously to consolidating and developing the excellent situation of our municipality.

In his speech, municipal Vice Mayor Qian Qiao reviewed the achievements scored by the schools of higher learning of our municipality over the past 40 years since the founding of the country, and the current problems. He emphasized the several tasks that the higher educational front of our municipality should successfully carry out at present: earnestly studying and implementing Comrade Jiang Zemin's National Day speech, adhering to the socialist orientation of running schools and conscientiously strengthening the ideological and political work of schools of higher learning; strengthening leadership over the investigation and clean-up work, uniting and relying on the majority and resolutely carrying this work through to the end; strengthening the party building of schools of higher learning, and giving play to the role of party organizations as political cores of schools of higher learning; wholeheartedly uniting and relying on intellectuals and achieving a success in improving the contingent of teachers; and starting with improvement of the quality of education to continue the in-depth reform of higher education.

Further on Conference

SK1711125189 Tianjin TIANJIN RIBAO in Chinese
30 Oct 89 p 1

[Text] The 5-day municipal meeting on work of institutions of higher learning successfully ended yesterday [29 October]. On the basis of conducting full deliberation and discussions, secretaries and presidents of all institutions of higher learning attending the meeting acquired deeper and clearer views of the major issues concerning the teaching orientation of institutions of higher learning. He Dongchang, secretary of the leading party group and vice minister of the State Education Commission, attended and addressed yesterday's closing ceremony. Also attending the meeting were municipal leading comrades, including Wang Chenghuai, Qian Qiao, Xiao Yuan, He Guomo and Yang Hui.

This was the most important work meeting of the municipal institutions of higher learning after the halting of the turmoil and the quelling of counterrevolutionary rebellion. The subject of this meeting was to unify thinking, enhance understanding, and study countermeasures for solving the three fundamental important issues concerning the teaching orientation of the institutions of

higher learning, party's leadership, and the ideological and political work. By adopting the method of collective reflection and study and proceeding from the reality of Tianjin's institutions of higher learning, the participants made clear the current pressing problems of institutions which need solutions, and specifically studied ways to solve these problems. The participants held: What we have run are all socialist universities. We must cultivate successors of a new generation to carry out the socialist cause who are engaged in self-reliance, plain living, and arduous struggle and who are enthusiastic in devoting themselves to the prosperity of the Chinese nation. We must be very determined to turn institutions of higher learning into strong bastions with socialist spiritual civilization for resisting "peaceful evolution." We must not forget the concept of class struggle or belittle the ideological and political work of schools. It is necessary to realistically strengthen propaganda and education on Marxist theory, prevent wrong theoretical guidance, and always persist in the struggle to uphold the four cardinal principles and oppose bourgeois liberalization. They also held that strengthening the party's leadership is the key to upholding the socialist teaching orientation. We should be determined to change the situation in which some party branches are listless and some party members fail to play a role. In addition, we should also unswervingly adhere to the work principles of uniting with, relying on and improving the quality of the broad masses of intellectuals, try our utmost to unite with all persons that can be united, and do a good job in running institutions of higher learning by mobilizing all positive factors. Secretaries and principals of various institutions attending the meeting held that it is necessary to make continued efforts to reform the educational ideology, educational systems, educational structure, educational content and educational methods, and realistically end the situation in which education departs at varying degrees from reality, production labor and national conditions.

At the meeting, He Dongchang introduced and analyzed the current international and domestic political situations and gave a speech on five aspects such as teaching orientation, party building, party work, ideological and political work, and the management and educational reform of schools. He said: How to train proletarian successors under new conditions constitutes a big issue. If we fail to solve this issue, the future of socialism will be greatly threatened. In my opinion, Tianjin has done a good job in grasping this issue. Many problems exposed during this turmoil need our reflection. We have already done this but the process of reflection has not yet ended. At present, we still have to study the problems concerning the growth of youth. We should educate college students to foster the class viewpoint, a correct viewpoint towards labor, the mass viewpoint, and the dialectical materialist viewpoint. At the same time, they should also cultivate a viewpoint on the legal system. In addition to these five viewpoints, we should also uphold

the party's leadership and the socialist systems. We should solve these fundamental problems in a planned and step-by-step manner.

Tianjin Residents Enjoy Better Housing

OW2511223689 Beijing XINHUA in English
0656 GMT 25 Nov 89

[Text] Tianjin, November 25 (XINHUA)—Since 1981 about one million of the seven million people in Tianjin have moved into newly built houses and per capita living space has doubled.

Tianjin, one of the three biggest cities in China, has spent more than seven billion yuan (about 2.16 million U.S. dollars) on housing in the past nine years in a bid to curb the acute housing problem.

With living space totalling 28 million sq meters, the 34 newly built residential areas are located within the suburbs of the city. The average floor space per person has grown to 6.7 sq meters from 3.3 sq meters. The national per capita living space of urban residents is 6.3 sq meters.

In the 29 years from 1949 to 1978 only 10.5 million sq meters of housing was built. The municipal government plans to increase per capita living space to 9 sq meters by the year 2000.

Northeast Region

Heilongjiang Clamps Down on 'Six Vices'

SK2411004989 Harbin Heilongjiang Provincial
Service in Mandarin 2200 GMT 22 Nov 89

[Text] The public security departments of six prefectures and cities of Harbin, Qiqihar, Mudanjiang, Jiamusi, Heihe, and Daxinganling have concentrated their efforts on eliminating six social vices. These criminal groups have, to date, all been captured by the public security organs.

According to preliminary statistics, these prefectures and cities have arrested 883 criminal elements and seized 8,450 obscene videotapes; 284 boxes of obscene audio tapes; 54,000 yuan of gambling money; and a large number of obscene pictures, pamphlets, cards, gambling devices, and poisonous articles. The self-employed businessmen in Xunke County, including (Wang Yongming) and (Zhou Yonghui), who collaborated with the workers of the power supply bureau, including (Zhuang Yan), brought three obscene videotapes from outside, duplicated them, and then showed them at several places to some 53 viewers. Of these viewers, eight were staff members and workers of the county cultural center, who attended the show arranged by the center authority. All of these businessmen and viewers have all been captured by the public security organs.

Heilongjiang Officials Consider Oilfield Crimes

SK2011133789 Harbin Heilongjiang Provincial
Service in Mandarin 2200 GMT 19 Nov

[Text] The situation in which Daqing Oilfield's production equipment, goods and materials, and crude oil are being seized, stolen, and damaged by some neighboring peasants has become increasingly more serious since the beginning of this year and has caused serious consequences.

On 17 November, the provincial government held a special conference to work out preliminary methods for solving these problems.

It is reported that the incidents of seizing and stealing equipment, goods and materials, and crude oil take place every day in the oilfield and such incidents have taken place in all plants at the oilfield. The No 10 oil extraction plant's 21 production facilities were turned over by the local peasants. Of this, 16 were demolished and 5 were stolen and sold, directly bringing about more than 200,000 yuan worth of economic losses. The incidents in which oil wells were forced to stop production due to the destruction of equipment have been common. The oilfield annually suffered more than 1 million yuan worth of losses in previous years. The gang of unlawful persons has expanded from a small group of three at the very beginning to a crowd or even an entire village today.

Comrades from the governments and public security departments of some neighboring cities and counties, including Daqing and Anda and responsible persons of the provincial-level departments and bureaus heard the report at the conference and jointly analyzed the causes of the common occurrence of the unhealthy practices.

The conference maintained: Dealing blows to unlawful persons and defending the state property is a matter not only for public security departments. Governments at various levels should place it on the work agenda and comprehensively solve these problems. Simultaneously, we should vigorously conduct education on the legal system among the neighboring peasants and strictly deal blows to the criminals who seize, steal, and damage the facilities of the oilfield. Meanwhile, efforts should be made to thoroughly take stock of and straighten out some 300 waste and old material purchasing centers and some 200 key oil plants that are close to the oilfield, and resolutely ban those that should be banned so as to stop up the criminals' aggressive channels.

The conference also urged: Daqing oilfield and the localities should set up and perfect joint defense organizations. The oilfield itself should strengthen management and internal defense work, stop up loopholes, and strive to give criminals no opportunities.

Heilongjiang Harvests 1 Million Mu of Rice Fields

OW2211013189 Beijing XINHUA Domestic Service
in Chinese 1121 GMT 15 Nov 89

[Text] Harbin, 15 Nov (XINHUA)—The average yield from the 1 million mu of rice fields in Heilongjiang

Province this year exceeds 300 kilograms. As a result, the province has been able to increase its rice production by over 300 million kilograms.

Last winter and this spring, Heilongjiang Province altered the crop mix. To bring about a steady increase in grain output, the province exerted efforts in the construction of irrigation works and the expansion of the acreage for rice cultivation. The province raised capital and materials to ensure the construction of irrigation works. Heilongjiang used most of its funds for irrigation and the special fund for commodity grain to develop the rice fields. A total of 57 million yuan was raised, which helped alleviate the problem of insufficient funds. Materials departments duly delivered nearly 30,000 sets of equipment to the construction sites. The borepipes factory of Suihua Prefecture Water Conservancy Bureau ceded 1.2 million yuan in profits when it sold borepipes for use in the rice fields, a move which was praised by the peasants.

To ensure water supply for the rice fields, the province focused its energy during the spring to repair dams in 70 locations and to sink 22,000 wells. This summer, Heilongjiang experienced a drought unheard of in many years. To fight the drought, the province sank an additional 3,850 wells, and built and reinforced 1,300 pumping stations to ensure that these new rice fields would overcome the drought and produce a good harvest.

Heilongjiang To Implement Agricultural Plan

OW2311195189 Beijing XINHUA in English
1147 GMT 22 Nov 89

[Text] Harbin, November 22 (XINHUA)—A farming technological group contracting plan will be carried out in Heilongjiang Province in northeast China to promote the spread of advanced agricultural technologies and guarantee a bumper harvest.

The plan, the first of its kind in the province, is to be implemented next year on the 666,000 hectares in the 15 counties and cities of the Songnen and Sanjiang Plains, two main grain producing areas in China.

The contracting groups bring together provincial agricultural officials; more than 200 experts, professors and technicians of the Northeast China Agricultural College and the provincial Academy of Agricultural Sciences; as well as materials suppliers and banks.

The groups will sign contracts with the provincial government on grain output targets for corn, rice, soybeans and wheat each year.

Some of the province's counties and cities which began the plan this year have achieved good results.

A provincial agricultural official said the province will give preferential treatment to the contracting groups in supplying agricultural materials, equipment and loans.

An official said the province hopes the new plan will increase the long stagnate grain yield by developing agricultural technology.

Grain output in Heilongjiang Province has stagnated at 16.5 to 17.5 billion kilograms each year since it surpassed 15 billion kilograms in 1983.

The province is making great efforts to increase grain output. A special leading group of provincial government officials and heads of provincial departments will be formed to guide and coordinate the plan.

Officials Write Inscriptions for Heilongjiang Paper

SK2011140189 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 17 Nov 89

[Text] HEILONGJIANG NONGCUN BAO [Heilongjiang Rural Paper], which has shared hardships with all the peasants of the province, greeted its 40th birthday.

On the morning of 15 November, both new and old workers of the paper agency gathered under the same roof to exchange their experiences, talk about the future, and jointly speak glowingly of the growth and development of the paper.

Sun Weiben, secretary of the provincial party committee; Qi Guiyuan, member of the Standing Committee of the provincial party committee and director of the propaganda department of the provincial party committee; and Dai Moan, vice governor of the province, wrote inscriptions celebrating the 40th anniversary of the founding of the paper.

Jilin Conference Considers 'Small Treasuries'

SK2211080189 Changchun Jilin Provincial Service in Mandarin 2200 GMT 20 Nov 89

[Text] On the afternoon of 20 November, the provincial government held a telephone conference on taking stock of and checking up on small treasuries. The conference urged that governments at various levels and all departments should conscientiously disseminate and implement the guidelines of the State Council's notice on taking stock of and checking up on small treasuries, and carry out the work in a down-to-earth manner. Taking stock of and checking up on small treasuries is an important part of the province's general tax, financial, and price inspections. Since the beginning of last September when the province started to conduct the inspections, various kinds of small treasuries, involving more than 7 million yuan in illicit money, have been investigated and the province has obtained initial results in this regard. However, the progress is not enough. Some localities and departments have not taken action yet.

Gao Wen, vice governor of the provincial government, emphatically pointed out: Taking stock of and checking up on small treasuries is not only an economic task but also a solemn political task. Party and government

leaders at various levels should upgrade their understanding, seek unity of thinking, eliminate obstacles, deeply and thoroughly pay attention to the work, and strive to make a success in it. We should carry out the work strictly in line with policies and persist in the principle of leniently handling those who conduct self-inspection and strictly handling those whose problems are discovered by others. Those who conscientiously conduct self-inspection and actively correct their mistakes shall not further be investigated in general. The illicit money held in small treasuries, once investigated, shall be confiscated and fines will be imposed on those who possess small treasuries. Those whose cases are serious shall be punished according to party and administrative discipline, and shall directly bear criminal responsibilities as stipulated by law and decrees. The small treasuries to be investigated after 15 December will be judged as cases of embezzlement and graft. Those who make contributions to reporting small treasuries shall be commended and rewarded.

Quan Shuren Attends Liaoning Plant Opening

SK2011042889 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 18 Nov 89

[Text] On 18 November, more than 4,000 staff members and workers from 73 bureaus concerned gathered at the construction site of a plant with the ethylene production capability of 110,000 tons in the city of Fushun. Attending the gathering for the tape-cutting ceremony for laying a foundation for the state project of building a large petrochemical industrial plant and extending congratulations on the occasion were Quan Shuren, secretary of the provincial party committee; Li Changchun, governor of the province; Zhu Jiazhen, vice governor of the province; and Sheng Huaren, vice president of the China National Petrochemical Corporation.

The project of building the ethylene plant with the production capability of 110,000 tons in the city of Fushun is one of the key projects approved by the State Council this year. The total investment in this project is 1.58 billion yuan. The construction site occupies 79.9 hectares of land. The plant under construction will use as raw material the hundreds of thousands of tons of tail gas discharged by the three large oil refineries of the Fushun Petrochemical Corporation. After building the plant and putting it into production, its annual output value may reach 930 million yuan and it may earn 440 million yuan of profits and taxes each year.

During the ceremony, Zhu Jiazhen, vice governor of the province and leader of the leading group in charge of the construction project, delivered a speech in which he stated: If we prefulfill the construction project by even 1 day, the plant could earn 1 million yuan of profits and taxes for the state. The disturbance and riot have adversely affected the construction date. At present, we should foster the idea of looking forward and strive to put the plant into production in September 1991.

Also attending the ceremony for laying a foundation were leading comrades, including responsible personnel of the China Import and Export Technical Investment Company; Cheng Jinxiang, vice chairman of the provincial People's Congress; Liu Zhenhua, secretary of the Fushun city party committee; and (Xing Shaoming), mayor of Fushun city.

Jilin Commander Discusses Militia, Reserves

SK3011050489 Changchun JILIN RIBAO in Chinese
10 Nov 89 p 3

[Article by Chen Xingyin, commander of the Jilin Provincial Military District: "An Undertaking With Great Room for Development"]

[Text] It has been nearly 2 years since the militia and reserve forces of our province launched the project to achieve affluence through science and technology. Thanks to the efforts of the masses of militiamen and the officers and men of the reserve forces, notable results have been achieved in this activity. The task for multi-level, multichannel, and multiform training on applicable technology aimed at cultivating trained personnel was by and large completed, and more than 500,000 people attended the training program. In the last year alone, the militia and reserve forces throughout the province created more than 700 million yuan in output value through the endeavor, and earned nearly 200 million yuan in net income. The masses of militiamen and officers and men of reserve forces have become the rural backbone force for developing the commodity economy through scientific and technological progress, and the activity for the militia and reserve forces to achieve affluence through science and technology has become an important part of the endeavor to attain the strategic goal of "building up the province through science and technology." Experience fully proved that the activity for the militia and reserve forces to achieve affluence through science and technology constitutes a very promising undertaking with a great future and great room for development, which requires our efforts to carry it out with a still newer attitude and at still higher standards until achievements are scored. At present, to carry out the activity in an in-depth and persistent manner the key lies in solving the problems in understanding well and carrying out the activity more firmly and with more initiative.

The activity to achieve affluence through science and technology is not an "expedient measure," but a practical action to implement the party's basic line and, therefore, should be carried out with unremitting efforts.

In the new situation when the work focus of the entire party has been shifted to the central task of economic construction, our People's Armed Forces front should, without exception, also carry out its work focusing on the central task of economic construction, and take the initiative in submitting itself to and serve the central task, which meets the basic interests of the overall

situation. We have done a great amount of work in this aspect over the past many years. Development of the activity to support the performance of militia duties through production and the work to aid the poor, and participation in economic construction and urgent, difficult, dangerous, and heavy tasks have yielded encouraging results. However, following the affirmation of the priorities of the state economic development strategy, and the development of the situation in economic construction, our work should also be developed continuously. Based on the actual conditions of Jilin Province, the current situation in which peasants' scientific and technological level is low should first be changed if we are to develop the commodity economy in the rural areas throughout the province. Judging from this, the activity to achieve affluence through science and technology is in compliance with the trend in developing socialist modernization. We should never regard the activity as an "expedient measure" or a "contemporary task." Instead, we should foster the idea of fighting a long-term battle, and carry out the activity persistently with great enthusiasm and willpower.

The activity to achieve affluence through science and technology is not an "extra burden," but a major responsibility of People's Armed Forces departments and, therefore, People's Armed Forces departments are duty bound to carry it out.

The militia and the reserve forces are greatly different from the forces on active service in that their status as soldiers is manifested in their status as ordinary people, and they do both production and militia duties in peacetime. In the period of peaceful construction, the major task for the masses of militiamen and officers and men of the reserve forces is to build the two civilizations at their own posts. The activity to achieve affluence through science and technology has developed the organizational advantage of the militia and reserve forces. It has also developed the advantages of having cadres with better scientific and general knowledge, quick access to information, convenient places for training possessed by People's Armed Forces departments and leading organs of the reserve forces. Therefore the activity is feasible. For this reason, People's Armed Forces departments and leading organs of the reserve forces should regard the activity as their "own duty," and carry it out by themselves.

The activity to achieve affluence through science and technology is an important responsibility of People's Armed Forces departments and the reserve forces. Therefore, it should be taken as an important criterion for judging the performance of a unit. Like conscription work, military training, and arms management, it should be considered a tangible task and target. Not only should plans and arrangements be worked out, but inspection and emulation should also be conducted. People's Armed Forces departments should develop their initiative and, proceeding from their own actual conditions, take the activity as their own duty and carry it out successfully.

The activity to achieve affluence through science and technology is not one to "waste money and manpower," but a specific action to put the purpose of the People's Army into effect and, therefore, should be carried out in a down-to-earth manner.

The party's policy of making the people prosper clearly indicates a bright road for the people to achieve affluence through diligent labor. The masses are eager for affluence, but what they lack most are science and technology. It will be like "sending charcoal in snowy weather" or "sending an umbrella on rainy days" that we organize the masses, with militiamen and reserve forces as the backbone force, and disseminate scientific knowledge to them, teach them applicable technology, and popularize advanced experiences to help them explore the road to affluence. Facts of the past 2 years proved that the activity to achieve affluence through science and technology corresponds not only to the work focus of local party committees and governments but also to what the people are thinking, eager for, and urgently need, and, therefore, is universally welcomed by the masses. The activity is a vivid manifestation of the glorious traditions of our Army in the new period, and a practical action to put the purpose of our Army into effect.

In carrying out the activity to achieve affluence through science and technology, we should always bear in mind the basic task of benefiting the people. We should overcome and guard against the flourishes that are done just for show, and should work in a down-to-earth manner, and share weal and woe with the masses. Proceeding from local economic conditions, natural conditions, and scientific and technological development levels, we should select training projects in a scientific manner, conduct training meticulously, render good service, and see to it that every project we start brings benefit to the masses. Scientific and general knowledge should be disseminated through the forms that the masses love to see and hear, and particular attention should be given to disseminating through typical examples so as to arouse the people's interest in learning and applying scientific knowledge. We should correctly handle the relationship between support for models in achieving affluence and support for poor households, and refrain from emphasizing the former to the neglect of the latter. As far as training projects are concerned, we should correctly handle the relationship between diverse production and grain production, and refrain from emphasizing the former to the neglect of the latter. We should correctly handle the relationship between popularization of technology and increase of production. Rather than encouraging intensive farming on such a large scale that is incompatible with reality, we should put more efforts into popularizing applicable technology successfully.

The activity to achieve affluence through science and technology is not meant to weaken the work of the People's Armed Forces departments, but is an important measure to strengthen the building of the militia and

reserve forces and, therefore, we should attend to the activity and the building of the militia and reserve force comprehensively.

The work to arm militiamen and officers and men of the reserve forces with scientific and general knowledge will not only facilitate the development of productive forces but exert an immeasurable influence on enhancing their combat strength. Therefore, the activity to achieve affluence through science and technology can only strengthen and not weaken the building of the militia and reserve forces.

Of course, to make the activity truly play a role in the endeavor to strengthen the building of the militia and the reserve forces, there remains a question of how to combine these two. The more successfully they are combined, the more remarkable the role of the activity will be. The key to this lies in our ability to take these two into consideration and comprehensively plan for their coordination, and to use and train military forces in the major battleground of economic construction, increase the capacity of the militia and reserve force for organization, command, and performance of duty, enhance their appeal and cohesive power, arouse their spirit of collectivism, and enhance their sense of respect for organization and discipline. In this way, the activity to achieve affluence through science and technology will yield not only good economic results and social benefits but also corresponding military benefits.

The current activity for the militia and reserve forces throughout the province to achieve affluence through science and technology is just at the beginning, and the situation is increasingly improved. People's Armed Forces departments at various levels and leading organs of the reserve forces should have a clear understanding of the situation, redouble their efforts, and continuously deepen the activity in range and quality so as to live up to the great trust of the party and the people. All comrades determined to devote themselves to improvement of the national defense reserve forces should display their abilities to the fullest in this promising undertaking with a great future.

Liaoning City Designated as High-Tech Center

SK2011135389 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 19 Nov 89

[Text] The State Science and Technology Commission has formally designated Shenyang City as an experimental city for accelerating the application of high and new technologies into production and for promoting the transformation of traditional industries. On 18 November, after hearing a report, Song Jian, state councillor and minister of the State Science and Technology Commission, fully affirmed the specific plans for the experimental work formulated by the Shenyang City Party Committee and the city government.

Shenyang City is the economic center of northeast China. However, owing to many historical and practical

reasons, enterprises in Shenyang are seriously aging and backward, and its outmoded equipment and backward product structure have seriously hampered its economic development. But, in other fields, Shenyang City has a strong superiority in science and technology because it has more than 300 various scientific and technological institutes and has more than 400,000 scientific and technological personnel. Therefore, the Shenyang city party committee and the city government have decided to focus the work of depending on science and technology to revitalize Shenyang on accelerating the application of high and new technologies in production and promoting the transformation of traditional industries. They have also decided to organically integrate reform with development and integrate development with readjustment and to make full use of scientific and technological superiority to initiate a number of high and new technologies [words indistinct] to nurture a number of professional scientific and technological personnel so as to raise the proportion of Shenyang's technological progress factor in the entire economic growth to more than 50 percent. At the same time, the Shenyang city party committee and the city government will continuously give full play to the role of scientific and technological personnel to build some group enterprises and joint-stock companies, which integrate science with industry and trade, and which are [words indistinct] by research institutes, guided by high and new technologies, and attractive to enterprises. The Shenyang city party committee and the city government will also encourage scientific research institutes to contract enterprises so that scientific research institutes can enter enterprises and enterprise groups.

Liaoning Registers Land Used by Foreign Investors

HK2211083789 Beijing ZHONGGUO XINWEN SHE
in Chinese 0915 GMT 17 Nov 89

[Report by Jin Guolin (6855 2654 2651): "Liaoning Begins Registering Land Used by Foreign Businessmen"—ZHONGGUO XINWEN SHE headline]

[Text] Shenyang, 17 Nov (ZHONGGUO XINWEN SHE)—Land management departments in Liaoning Province have now started registering land used by foreign businessmen running joint-venture enterprises in the province. "Certificates for the use of land" are being issued to foreign businessmen and the use of land by them will be put on files.

Several days ago, Li Yingxu, an official from the Liaoning Provincial Land Management Bureau, told this reporter that the purpose of this measure is to abide by "legal procedures" in the use of land by foreign businessmen in the province. Land management departments will observe the law in their land management, and foreign businessmen will use land accordingly. This will provide legal protection for foreign businessmen's right to use land in the province.

So far there are over 600 foreign-invested enterprises in Liaoning Province. How to prevent foreign investors' rights and interests from being violated in using land has been a matter of concern for departments here. Because land management departments in the province were not set up long ago, there is some confusion in approving the use of land for foreign businessmen and in managing such land. For this reason the Liaoning Provincial People's Government announced in January this year, "management methods for land used by foreign-invested enterprises in Liaoning Province." Recently, the provincial government also conducted a general check and registration for land used by foreign-invested enterprises.

As revealed by Mr Li Yingxu, the current registration covers the acreage, position, usage, and time limits of land used by foreign businessmen. "Certificates for the use of land" will be issued to foreign businessmen and its usage will be published in local newspapers after registration, to indicate that the Chinese Government provides legal protection for foreign businessmen's right to use land in the province.

This registration is expected to be completed in May next year, Li Yingxu said. Afterwards, the province will set up files on land used by foreign-invested enterprises.

Northwest Region

Gansu Meeting Hears Governor's Economic Report

HK3011131989 Lanzhou Gansu Provincial Service
in Mandarin 1030 GMT 25 Nov 89

[Excerpt] The 11th meeting of the 7th provincial people's congress Standing Committee held its 3d plenary session this morning, listening to a report made by Governor Jia Shijie on the province's endeavor to implement the spirit of the 5th Plenary Session of the 13th CPC Central Committee and to further improve the economic environment and straighten the economic order and deepen the reform, and a report made by Vice Governor Mu Yongji on the results of setting audio and video markets in order and screening books and newspapers.

The plenum was presided over by provincial people's congress Standing Committee Chairman Xu Feiqing.

In his speech, Governor Jia Shijie said: Centering around the plan for economic and social development mapped out at the second meeting of the seventh provincial people's congress Standing Committee and implementing the central spirit of carrying out in-depth reform and economic improvement and rectification, with the focus on increasing effective supply and improving economic results, our province has made intensified efforts to promote agricultural development, and especially the development of grain production, and expand the social productive forces, thus achieving a sustained and steady development in the province's economy and all social undertakings. According to a survey conducted from January to October this year, it is

expected that all this year's targets could be fulfilled or overfulfilled. It is estimated that this year's gross output value of agricultural production will reach 5.25 billion yuan, a 5 percent increase over last year. Industrial production has seen a sustained and stable development and there has been a substantial increase in financial revenue. It is anticipated that the province's revenue of this year will amount to 2.9 billion yuan, up by 21.1 percent over last year, calculated on the comparable basis. The plan for investment in fixed assets has been satisfactorily carried out and initial results have been achieved in economic improvement and rectification. Nevertheless, there is still a shortage of funds and raw materials, enterprise economic results have become worse, the market is dull and there is a heavy overstocking of goods, a certain number of enterprises cannot afford to pay wages to their workers and staff and it seems to be very hard to keep this year's general price index from 3 to 5 percent lower than last year.

Jia Shijie continued: From now on, we must pay attention to the following aspects of work: 1. To earnestly study the fifth plenary session spirit, seek unity of thinking and be more conscious in carrying out the task of economic improvement and rectification. 2. To set practical objectives and measures for economic improvement and rectification. 3. To make continued efforts to deepen the reform. 4. To concentrate efforts on the development of agricultural production. 5. To speed up the development basic industries and industry at the prefectural and county levels. [passage omitted]

XINHUA Reporter Describes Gansu Departmentalism

OW2211021389 Beijing XINHUA Domestic Service
in Chinese 0004 GMT 19 nov 89

["Reporter's Letter" by Wang Chang: "Don't Let the Invisible 'Wall' Between Departments Wipe Out the Effects in the Use of Funds"]

[Text] Lanzhou, 19 Nov (XINHUA)—This reporter recently visited Gansu and came to understand the concern of some knowledgeable people there. The fact that many professions and departments are guarding their turf, "going it alone," and "erecting formidable fortifications," trouble them very much. They said that our funds, which are already very tight, are further stretched to wafer thinness when meeting with the "walls" of departments and units. This results in very poor efficiency in the use of funds. They thus made an appeal: Never again let this invisible "wall" of departments wipe out the effects of the use of funds.

Zhu Qisheng, deputy bureau chief of the provincial post and telecommunications bureau, pointed out: Gansu is situated in a remote area; its telecommunications network is backward, affecting communications between Gansu and other regions, as well as its opening to the outside world. The province has been trying every year to pool 20 million yuan of funds to upgrade the telecommunications network in the province; however, the

results have not been satisfactory. Currently, the telephone exchange capability in the cities is 1.4 times that of a decade ago. However, the success rate of telephone connection in the cities is merely a little more than 50 percent; as for long distance calls, the success rate falls to under 30 percent. Why, people are wondering, is it getting much more difficult to place a call while the number of telephones is increasing? There are reasons behind it. In cities like Lanzhou, Baiyun, Jiayuguan, Jinchang, and Yumen, 50 to 80 percent of the telephone equipment belongs to business units; only 20 to 50 percent are under the management of the post and telecommunications departments. Most of the vast and special telephone network belonging to businesses is yet to hook up with the public telephone network of post and telecommunications department; the "wall" of departments and units blocks the telephone calls. This creates a strange phenomenon, that is, it is rather convenient to make phone calls within the unit, but very difficult to place calls outside.

Yu Zhongzheng, deputy director of the Education Commission in Gansu, spoke about the inefficiency in the use of funds in running farm technique training centers. He said, with a sigh: Gansu has, in recent years, stressed adult education and on-the-job training for workers and staff members, which is a good thing and has been well-received. However, because of the "walls" in departments and units, because departments and units have their own selfish plans, because they want to run their own training centers, there are now suddenly more than 218 training centers of various kinds in Gansu. The provincial education commission, when inspecting Dingxi and Longxi, discovered that most of these training centers were built into a small, three-story building. In each building, there are classrooms, laboratories, dormitories, and offices; they are all small and compact; but the overall effect is poor. As for other training centers, they do not fare well because of classroom shortage and a lack of equipment; still others substitute meetings for training and go through the motions; some even end up as living quarters for management personnel.

A person who works in the public health sector said that the "wall" also affects the effective use of funds in the medical and public health sector. At present, there are some 4,000 medical and public health organizations; half of them are attached to plants and mines, with more than one third of all hospital beds in the province. Occupancy rate of hospital beds in these medical units is only 30 to 40 percent; and only 50 to 60 percent at most. On the other hand, occupancy rate of hospital beds in various levels of local hospitals is generally as high as 90 percent. The problem of getting hospital treatment has become a social problem. However, an agreement to link various levels of local hospitals with those attached to plants and mines has been elusive.

These experts proposed: In order to raise the effects of investment in construction work and to fully bring into play the intrinsic potential of the existing urban and

rural telecommunications network, educational and public health equipment, as well as all public utilities, the state should take measures to strengthen macro-management, rectify investment channels, "dismantle" the invisible "wall" between departments, to further bring into play the role of the limited funds.

Qinghai To Implement Discipline Guidelines

HK2111061989 Xining Qinghai Provincial Service
in Mandarin 2300 GMT 18 Nov 89

[Text] The Provincial Discipline Inspection Commission has worked out a plan for implementing the guidelines of the fifth plenary session of the Central Discipline Inspection Commission.

On 15 November the Standing Committee of the Provincial Discipline Inspection Commission held an enlarged meeting, at which its Secretary, Duo Ba, conveyed the guidelines of the fifth plenary session of the Central Discipline Inspection Commission. After studying a speech by Comrade Qiao Shi, the participants in the meeting decided to relay the spirit of the meeting to the various levels of the departments concerned as soon as possible. It was also decided that the Fourth Plenary Session of the Provincial Discipline Inspection Commission, scheduled to be held in December, guided by the guidelines of the fifth plenary session of the Central Discipline Inspection Commission, will discuss the key points for next year's discipline inspection work throughout the province and make preparations for the convening of a provincial work conference on the drive to improve the party's work style and maintain a clean and honest administration. It was also decided that the Provincial Discipline Inspection Commission and discipline inspection organizations at various levels of the province must transfer functionaries down to grass-roots units to guide work there; continue to conduct education through examples, both positive and negative; vigorously commend progressive collectives and individuals emerging from the drive to improve the party's work style and maintain a clean and honest administration; and make public the results of the investigation and handling of some serious cases.

The Provincial Discipline Inspection Commission called on discipline inspection organizations at various levels of the province and discipline inspection cadres to unify their thinking and actions with the spirit of the 5th Plenary Session of the 13th CPC Central Committee, acquit themselves splendidly to push forward the work of carrying out economic improvement and rectification and deepening the reforms, concentrate efforts on discipline inspection work, and give a helping hand to party committees at various levels in improving the party's work style.

Shaanxi Meetings Consider Plenum Spirit

HK2111103489 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 19 Nov 89

[Excerpt] The provincial Advisory Commission held three meetings in succession on the mornings of 16, 17 and 18 November, earnestly studying and discussing the spirit of the 5th Plenary Session of the CPC Central Committee and pledging their support for the decisions adopted at the session.

Members of the provincial Advisory Commission said: The fifth plenary session points out that during the period of economic improvement and rectification and in years to come, it is essential to always persist in the long-term policy of sustained, stable and harmonious economic development. This is the most important experience and lesson gained from reviewing China's economic construction over the four decades and the policy is suited to actual conditions in our country and is very correct. Our thought must be unified with the policy. Only with a unified thought will the whole party be able to take unified action, to overcome difficulties and continue to advance.

The members emphatically pointed out: The decision to further economic improvement and rectification and deepen the reform adopted at the fifth plenary session will certainly have an important influence in consolidating and developing political stability throughout the country, overcoming temporary difficulties in the economic aspect, and helping the socialist cause develop soundly. Our veteran comrades of the Advisory Commission must earnestly study and comprehend the decision, correctly analyse and understand the current economic situation, combine the decision with practice, seek truth from facts, match their words with deeds, be subject to the overall interests of the state and do more in promoting the implementation of the decision. [passage omitted]

Shaanxi Mobilizes Against 'Six Vices'

HK2111072589 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 19 Nov 89

[Excerpts] The provincial party committee and government held a telephone conference yesterday afternoon to make arrangements for unified action to wipe out the six vices throughout the province.

When speaking at the meeting, Vice Governor Xu Shanlin called for carrying out a province-wide campaign to wipe out the six vices—prostitution and patronizing whorehouses; producing, selling, and disseminating pornographic materials; abducting and selling women and children; secretly growing, taking, and trafficking in drugs; organizing gambling; and using feudal and superstitious beliefs to swindle and harm people—so as to enable the masses of the people to educate themselves through the campaign, create a good social environment in which the six vices will find nowhere to hide, and bring about a marked turn for the better in public order.

Our province, he said, has achieved initial results in the recent campaign against pornography. From January to October this year, our province decided 153 six-vices cases involving 354 people. Nevertheless, some ugly things in society and the developing trend of the six vices have not been effectively checked and are still very serious in some areas. For this reason, the provincial party committee and government have decided to concentrate efforts on launching a province-wide struggle against the six vices this winter and next spring. [passage omitted] It has also been decided to set up a special office comprising more than 10 organizations, including the public security organ, the people's court, the people's procuratorate, and judicial organs to make unified arrangements and create a unified command to strive for victory in the struggle against the six vices.

Provincial party committee Deputy Secretary Dong Jichang presided over the meeting and delivered a speech. He urged that all localities and departments obey orders in all actions and take effective measures to deal blows at the six vices. [passage omitted]

Shaanxi Adopts Decisions on Multiparty Cooperation

HK2011072089 Xian SHAANXI RIBAO in Chinese
3 Nov 89 p 1

[Report by He Linsuo (0149 2651 6956): "Provincial Party Committee Makes Five Important Decisions on Upholding and Improving Multiparty Cooperation System Under CPC Leadership"]

[Text] In order to better uphold and improve multiparty system under the leadership of the CPC, the provincial party committee recently made five important decisions.

The five "decisions" stipulated that the system of democratic consultation participated by the provincial party committee on the one hand, and by various democratic parties and democratic personages not affiliated with any party on the other, must be upheld and improved. From now on, before formulating policy or decisions concerning the major problems in the province, including the work reports submitted by the provincial party committee to the provincial party congress; the work reports submitted by the provincial government to the provincial people's congress; the strategies for economic and social development in the province; plans, arrangements, and budget in a fiscal year; important arrangements of personnel at the provincial level; the important decisions and measures concerning major policies in the localities and affecting local people's life; and the major problems concerning the united front, a consultative meeting participated in by various democratic parties and democratic personages not affiliated with any party, must be held, to solicit their opinions, suggestions, and demands. Generally, the provincial party committee is to chair this kind of consultative meeting, which should be held not less than four times a year.

The "decision" demands that the democratic parties fully develop their function of supervision of the work

done by the provincial party committee and the provincial government. We must work hard to create conditions and form system, and expand the supervision by democratic parties and democratic personages not affiliated with any party to various domains of political, social, and economic life in the whole province. Party and government leaders at various levels must actively and properly select members of democratic parties and democratic personages not affiliated with any party to fill the leading positions in their governments, as well as help the democratic parties to build themselves. When upholding and improving the multiparty system under the CPC leadership, party committee secretaries at various levels must pay attention to developing the function of the Chinese People's Political Consultative Conferences at various levels; many activities can be carried out by them.

Shaanxi Restores Physical Labor for Cadres

HK2011075589 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 18 Nov 89

[Excerpts] Leaders of the provincial party committee and government yesterday went to the forefront of farmland capital construction in Lantian County to take part in voluntary labor.

The provincial party committee and government have decided to restore the system of cadres taking part in physical labor.

Early in the morning of 17 November, leaders of the province and Xian City Zhang Boxing, Hou Zongbin, Li Xipu, Dong Jichang, Liang Qi, (Jin Yiming), An Qiyuan, (Li Hanzheng), Xu Shanlin, Sun Daren, and (Yan Zengfeng) went to a farmland capital construction work site at (Malong) Township of Lantian County to take part in voluntary labor. [passage omitted] After a few hours labor, they took lunch at the edge of the field. After lunch, the provincial party committee standing committee held an on-the-spot meeting and declared the decision of restoring the system of taking part in physical labor among party and government functionaries. The decision by the provincial party committee and government requires that functionaries not engaged in production take part in physical labor for 20 days, and at least 15 days, a year, in either the countryside or factories. [passage omitted]

During the lunch break, Zhang Boxing, Hou Zongbin, and other leaders held discussions with the local people and explained to them the spirit of the fifth plenary session. They affirmed what (Malong) Township of Lantian County had done in building farmland capital construction and emphasized that the current rural policies of the party remain unchanged, pointing out that it is necessary to develop by every possible means farmland capital construction, which is regarded as the foundation of agriculture, and that it is necessary to arouse

the masses to do a good job of farmland capital construction this winter and next spring by concentrating manpower and material resources so as to lay a sound foundation for high and stable agricultural yields.

In an interview with reporters, Secretary Zhang Boxing said that cadres taking part in physical labor should be regarded as an important means of building closer relations between cadres and the masses and between the

party and the masses, and is a fine tradition of our party. In strengthening party building, we must persistently serve the people wholeheartedly, restoring and developing the means of maintaining flesh-and-blood ties with the masses of the people.

More than a hundred cadres of the province and Xian City took part in the voluntary labor yesterday.

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